



SQS India BFSI Limited
(Formerly Thinksoft Global Services Limited)
6A, Sixth Floor, Prince Infocity II
No. 283/3 & 283/4,
Rajiv Gandhi Salai (OMR)
Kandanchavadi, Chennai 600096, India

Phone: +91 44 4392 3200
Fax: +91 44 4392 3258
info-india@sqs.com
www.sqs-bfsi.com
CIN: L64202TN1998PLC066604

SEC/SE/127/16-17
Chennai, 11 August, 2016

Corporate Relationship Department
Bombay Stock Exchange Limited
PJ Towers, Dalal Street
Mumbai – 400001

Sub: Submission of Annual Report for the year 2015-16
Ref: Scrip Code: 533121

Dear Sir/Madam,

Pursuant to Regulation 34 (1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached the Annual Report of the Company for the financial year 2015-16 of the Company.

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

Thanking you,

Yours faithfully,
For SQS India BFSI Limited
(formerly Thinksoft Global Services Limited)

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





SQS India BFSI Limited

Annual Report FY 2015 - 16



sqs-bfsi.com

BOARD OF DIRECTORS



David Bellin



Aarti Arvind



N. Vaidyanathan



Prof. K. Kumar



Lilian Jessie Paul



Prof. S. Rajagopalan



Rajiv Kuchhal



Reji Thomas Cherian



René Gawron



Ulrich Bäumer

CONTENTS

Corporate Information	2
Letter to Shareholders	3
Decade at a Glance	4
Directors' Report	5
Management Discussion and Analysis	42
Report on Corporate Governance	45
Financial Statements	
Standalone Financial Statements	
Independent Auditor's report	64
Balance Sheet	70
Statement of Profit and Loss	71
Cash Flow Statement	72
Notes	73
Consolidated Financial Statements	
Independent Auditor's report	97
Balance Sheet	102
Statement of Profit and Loss	103
Cash Flow Statement	104
Notes	105

CORPORATE INFORMATION

BOARD OF DIRECTORS

David Bellin
Chairman & Director

Aarti Arvind
Managing Director & CEO

N. Vaidyanathan
Executive Director & Chief Financial Officer

Prof. K. Kumar
Independent Director

Lilian Jessie Paul
Independent Director

Prof. S. Rajagopalan
Independent Director

Rajiv Kuchhal
Independent Director

Reji Thomas Cherian
Additional Director

René Gawron
Non-Executive Director

Ulrich Bäumer
Independent Director

COMPANY SECRETARY

S. Sampath Kumar

AUDITORS

PKF Sridhar and Santhanam LLP
Chartered Accountants
91-92, Dr. R K Salai, Mylapore, Chennai-600 004

INTERNAL AUDITORS

A. Murali & Associates, Chartered Accountants
New No.2, T4 3rd Floor, Majestic Square, Sherfudeen Street
Choolaimedu, Chennai-600 094

BANKERS

The Lakshmi Vilas Bank Limited
Cathedral Road, Chennai-600 086

ICICI Bank Limited
Bazullah Road, T. Nagar, Chennai-600 017

The Hongkong and Shanghai Banking Corporation Limited
Cathedral Road, Chennai-600 086

LEGAL ADVISORS

S. Ramasubramaniam & Associates
New No.13/1, Bishop Wallers Avenue West
Mylapore, Chennai-600 004

REGISTRAR AND SHARE TRANSFER AGENTS

Karvy Computershare Private Limited
Karvy Selenium Tower B, Plot 31-32, Gachibowli
Financial District, Nanakramguda, Serilingampally
Hyderabad-500 032, Tel. 040 6716 2222
email: einwards.ris@karvy.com, website: www.karvycomputershare.com

REGISTERED OFFICE

6A, Sixth Floor, Prince Infocity II, No.283/3 & 283/4
Rajiv Gandhi Salai (OMR), Kandanchavadi, Chennai-600 096
Tel. 044 4392 3200, email: investor.sqsbfsi@sqsbfsi.com
website: www.sqs-bfsi.com

Letter to Shareholders

Dear Shareholders

Your Company delivered another strong result in 2015-2016: revenues up (23%) to Rs.2,642 million; net profit after tax up (71%) to Rs.369 million and EBITDA up (30%) to Rs.541 million. These results, combined with a high cash conversion ratio of 122% enabled your Board to recommend a dividend of Rs.20 per share. Combined with the interim dividend of Rs.4 per share this represents a payout ratio of 80% of Profits after taxes in our third year under the SQS Group umbrella. Revenues from other Group entities increased from 3% to 12% year-on-year and we anticipate this trend continuing.

Banking remains our strongest market sector at 51% of revenues but we saw encouraging growth in cards and payments, now 34% of revenues. By geography Europe, at 51% of revenues, remains our strongest territory. The Middle East exceeded expectations.

At the year-end we served 84 active clients, with the numbers of \$1million revenue clients and \$3-\$5 million revenue clients rising. Our top ten clients account for 65% of sales, down from 71% in the previous fiscal year and the value of repeat business dropped from 91% to 82% as new clients and new projects emerged. We value our relationships with all our clients, new and old, large and small and thank them for their support and confidence in our staff, our services and our delivery. We now employ 1076 staff and anticipate that number growing as we serve additional clients and larger projects. An additional 250-seat facility at our Prince Info City HQ in Chennai will be operational in July, 2016

The Board pays tribute to the hard work, energy, enthusiasm and above all the client commitment of our staff, which lies behind our 2015-2016 results.

Shareholders are aware from our postal ballot in March, 2016 of changes to the Board. Dr. Martin Müller, who led the executive leadership team from December, 2013 to March, 2016, resigned as Managing Director & CEO, to return to Germany with his family, where he has taken up a new CEO position. We thank him for his significant contribution to the successful integration of Thinksoft into SQS and wish him well in the future. He leaves behind a strong management team from which we have made two new Board appointments.

Ms. Aarti Arvind, who takes over as MD and CEO and our CFO, Mr. Vaidyanathan became Executive Director on April 1, 2016. Both were instrumental in our successful integration and success in the last three years. Ms. Aarti Arvind has been with the Company since 2004 and was previously Executive Vice President in Thinksoft handling HR, Commercial Management and Delivery Process. With her detailed knowledge of our industry, business, clients and staff she is well positioned to lead our Company through its next development phase. Mr. Vaidyanathan has over 39 years of experience in finance, accounting, corporate planning and administration. He joined the Company in 2005 and has proved an exemplary CFO and compliance leader for all shareholders past and present.

Mr. Gireendra Kasmalkar resigned as a non-executive director at the financial year end and also as Managing Director and CEO of SQS, Pune. We thank him for his support and contribution as a non-executive director and wish him well in his new ventures.

On April 28 Mr. Reji Cherian was appointed as an additional (non-executive) director subject to your approval at the Annual General Meeting. He has over 25 years' experience in the IT industry, especially in the transportation and telecoms sectors, from previous senior roles with Siemens, Deutsche Telecom and Cap Gemini. He joined SQS as head of India in January this year.

I would personally wish to thank all my past and present executive, non-executive and independent colleagues on your Board for their hard and often unseen work, unstinting commitment to your Company and contribution to the effectiveness of your Board.

As a Board we sincerely thank our clients, our staff, our advisors and of course you, our valued shareholders, for your support. It is a tough time to be macro-economic forecaster or geo-political analyst but as a Company we shall continue on our growth path as a specialist and independent quality assurance Company, with confidence in what we can deliver for our clients and their ever more complex and inter-dependent business processes.

Thank you,

Yours sincerely,

David Bellin

Chairman of the Board

Decade at a Glance (Consolidated Basis)

Rs. in Million

Particulars	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
Gross Revenue	2641.6	2141.6	1944.4	1614.4	1214.4	829.3	828.6	922.6	749.2	588.6
EBIDTA	605.3	388.6	499.0	326.2	224.2	60.9	105.1	178.7	122.2	122.4
Profit Before Tax	562.0	320.4	422.3	264.8	185.0	32.0	90.6	160.6	108.2	103.6
Profit After Tax	369.0	216.5	300.4	194.4	113.8	18.7	82.3	144.9	99.7	94.6
Fixed Assets: Gross Block	526.3	482.8	472.6	457.0	224.8	194.2	101.2	90.2	88.5	69.9
Fixed Assets: Net Block	247.9	243.0	274.1	312.1	108.7	111.5	42.4	33.5	28.2	22.1
Share Capital	106.4	105.5	102.7	101.2	100.5	100.5	100.5	87.0	76.6	72.5
Reserves and surplus	982.2	910.8	979.7	780.7	654.6	599.2	592.2	381.9	246.6	160.0
Networth	1088.6	1016.2	1082.4	881.9	755.1	699.7	692.7	469.0	329.0	232.5
Sundry Debtors	543.9	567.4	557.8	413.2	235.8	229.0	159.3	238.6	203.7	186.4
Cash and Bank Balances	856.6	683.5	502.5	393.9	404.5	400.3	514.0	265.6	147.3	76.6
Current Assets*	1556.6	1380.1	1156.9	951.7	898.9	762.2	789.2	600.3	420.0	291.0
Current Liabilities	728.4	559.8	289.9	288.7	263.1	183.3	149.3	171.1	122.6	82.0
Working Capital	828.2	820.3	867.0	663.0	635.8	578.9	639.9	429.2	297.4	209.0
Employee Strength (Nos.)	1076	907	905	782	742	661	499	538	580	494
No of Equity Shares ('000)	10638.7	10545.3	10267.7	10123.7	10052.0	10052.0	10052.0	8702.0	7663.0	7245.0
Earnings Per Share (Diluted) (Rs.)	34.6	20.6	28.7	19.0	11.3	1.9	8.8	17.6	13.4	13.2
Book Value per Share (Rs.)	102.3	96.4	105.4	87.1	75.1	69.6	68.9	53.9	42.9	32.1
Dividend - Rs. per Share (Interim and Final)	24.0	24.0	9.0	6.0	5.0	1.0	1.0	1.0	2.0	2.0

EBIDTA: Earnings before Interest, Depreciation, Taxes & Amortization + Other Income.

*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, 2016.

1. Financial Highlights for the year ended March 31, 2016:

	Consolidated		Standalone	
Rs. in Mn	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Total Revenue	2,706	2,159	2,693	2,159
Employee benefits expense	1,676	1,361	1,061	812
Depreciation and amortization expense	40	52	40	52
General, administrative and other expenses	425	410	1,091	998
Finance cost	3	16	2	16
Total expenses	2,144	1,839	2,194	1,878
Profits Before Taxes	562	320	499	281
Taxes	193	104	180	96
Profit After Tax	369	216	319	185
Earnings per Equity share (Par value of Rs.10 each)				
Basic (Rs.)	34.85	20.86	30.09	17.81
Diluted (Rs.)	34.62	20.57	29.90	17.56

2. Business and Operations Review:

Total Operating Revenues increased, in Rupee terms by 23% to Rs.2,641.62 Mn during the Financial Year 2015-16 from Rs.2,141.55 Mn in the previous year. In US dollar terms revenues increased by 15%.

- During the year, repeat business from existing clients accounted for 82% of revenues, down from 91% of the previous year. New client acquisition contributed 18% of revenues. New business is expected to grow, as synergies within the SQS Group feed through the sales pipeline.
- Profit after tax was at Rs.319 Mn, (representing 12% of revenues) as against Rs.185 Mn (9% of the revenues) for the previous year. Currency fluctuations resulted in a gain for the year of Rs.43 Mn compared to a loss of Rs.37 Mn in the previous year.
- Geographically, 50.98% of revenues came from Europe (previous year 46.24%), 33.30% from India, Middle East, Asia and Australia Regions (previous year 31.58%), 15.72% from America (previous year 22.18%). The proportion of onsite to offshore revenues stood at 61.76% / 38.24% compared to 55.34% / 44.66% in the previous year. This is reflected in the increase of 38% onsite revenue from Rs.1,185.21 Mn to Rs.1,631.41 Mn during the year under review.
- Employee expenses increased due to higher onsite deployments with onsite revenue increasing to 62% of the total Revenue (previous year 55%).
- Employee strength, as at March 31, 2016, for the standalone entity was 939 (consolidated 1,076) compared to 767 (consolidated 907) in the previous year. Women employees standalone count stood at 288 (31% of the total) compared to 221 (29%) in the previous year. For the consolidated group, women employees stood at 309 (29%) compared to 250 (28%) in the previous year. The attrition rate increased to 21% for the year ended March 31, 2016 compare to 17% in the previous year.

3. Capital Expenditure:

During the year, Rs.45.26 Mn of capital expenditure was added to a gross block comprising of Rs.20.73 Mn on technology infrastructure, Rs.3.89 Mn on physical infrastructure, Rs.0.09 Mn on Vehicles and Rs.20.55 Mn addition on intangible assets which includes in-house developed software of Rs.15.81 Mn.

4. Expansion Plan:

To expand, the Company has taken a lease on 23,000 Sq. ft. of additional space within the building campus of Prince Info City, Chennai and is currently working on the creation of a 250 seat facility. This additional capacity, at a cost of Rs.90 Mn, will be a state-of-the-art facility and will be operational from July, 2016. The additional capacity will help the Company to meet growing opportunities for offshore business. This will be the fourth offshore delivery center in India for BFSI.

5. Enhancing automation in Test Process:

The Company developed a tool called FaXimmé, a financial transaction simulator that aids issuers, acquirer and network providers to carry out financial transaction testing without requiring a direct physical connection with live production environment. It enhances automation in test process. FaXimmé has been developed to work in a hosted/cloud environment. The scoping and evaluation was performed and the development of the tool was commenced during 2014. During the last two years, the Company has been testing/piloting the tool. The development was completed during the fourth quarter ended in March, 2016 and is ready for deployment.

Development Spend & Amortization: The Company has so far spent an amount of Rs.15.81 Mn, in terms of development efforts and related consulting over the last two years. Now, as the development work is complete, the development spend is being capitalized in the books of Accounts on March 31, 2016. The tool cost will be amortized, as per the Accounting standards and the policy of the Company, over the useful life of the tool, during the next three years.

Revenues: The Company has successfully demonstrated the framework to five of our Clients and also received very positive feedback about the marketability of the product. Clients' suggestions for additional features are considered to meet the changing business needs. The Company as such is confident of making progress in marketing the tool to its existing and prospective clients.

6. Liquidity:

The Company, has repaid its Loan commitments in advance and became a debt free Company at the year end. The Company continues to maintain sufficient cash balance to meet its strategic objectives. The liquid assets at the end of the year stood at Rs.893.00 Mn (as against Rs.1,034.72 Mn previous year). The Year-end Account Receivables improved to 76 days sales (Rs.347.60 Mn) as against 94 days sales (Rs.549.81 Mn) in the previous year.

7. Share Capital:

As at the end of the financial year, the Company's Equity Share Capital stands at Rs.106.39 Mn, consisting of 10,638,749 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 93,450 equity shares during the Financial Year 2015-16 to employees. As a result, the paid-up share capital of the Company increased from Rs.105.45 Mn to Rs.106.39 Mn. The disclosure in compliance of Rule 12 of Companies (Share Capital and Debentures) Rules, 2014 is attached to this report as **Annexure I**.

8. Net Worth:

The net worth of the Company increased to Rs.870.53 Mn as at March 31, 2016 from Rs.848.56 Mn at the end of the previous year. This works out to a per share net worth of Rs.81.83.

9. Transfer to General Reserve:

During the financial year, the Company has transferred Rs.31.9 Mn, (previous year Rs.18.48 Mn) to General Reserve, which represents 10% of the net profits of the Company. As a result, the total amount of General Reserve as on March 31, 2016 was Rs.131.39 Mn (Rs.99.49 Mn as at the end of the previous year).

10. Dividend:

Based on the Company's performance and the Net Cash Position of the Company, 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 2015-16. The Board had also declared an interim dividend of Rs.4/- per equity share (40% on face value of Rs.10/- each) on November 05, 2015.

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, 2016. (Previous year 240% on face value of Rs.10/- each, i.e. Rs.24/- per equity share).

11. Subsidiaries:

The Company operates internationally through 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) SQS BFSI UK Ltd (formerly Thinksoft Global Services UK Ltd.), UK
- d) SQS BFSI FZE (formerly Thinksoft Global Services FZE.), UAE
- e) Thinksoft Global Services (Europe) GmbH, Germany (being wound up)

The Company has initiated action towards voluntary winding up of the German Subsidiary. With a view to harmonize the operations in UK region, the Company's branch office in UK is closed with effect from July 31, 2015 and our wholly owned subsidiary SQS BFSI UK Limited continues to operate as usual to meet the business requirements. The Company also has branches / place of business in Belgium, Malaysia, Australia and Hong Kong.

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.

12. Annual Return:

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

13. Number of meetings of the Board:

Five Board Meetings were held during the year. The dates on which the said meetings were held are as follows: April 23, 2015, May 18, 2015, July 23, 2015, November 05, 2015 and January 28, 2016. 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.

14. Corporate Governance and Management Discussion Analysis Report:

A separate section on Corporate Governance forming part of the Directors' Report and the certificate from the Company's auditors confirming compliance with Corporate Governance norms as stipulated in the erstwhile Clause 49 of the Listing Agreement entered into with National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are included in the Annual Report. The Company has taken adequate steps for strict compliance with the Corporate Governance guidelines, as amended from time to time.

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

15. Declaration given by Independent Directors:

All the Independent Directors of the Company have given their declaration under Section 149(7) of the Companies Act, 2013 confirming that they are in compliance with the criteria of independence as laid down in Section 149(6) of the Companies Act, 2013 for being an Independent Director of the Company.

16. Policy on Directors' Appointment and Remuneration:

The Policy of the Company on Directors' appointment and Remuneration, including criteria for determining Qualifications, Positive attributes, independence of a Director and other matters, as required under Section 178 (3) of the Companies Act, 2013 is available. There has been no change in the policy since the last financial year. The details of the Remuneration Policy is covered in the Corporate Governance Report.

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, 2016 Rs.	March 31, 2015 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 2015-16 the contracts and arrangements entered by the Company with related parties were on an "arm's length" basis and in the ordinary course of business. The contracts and transactions with the promoters M/s.SQS Software Quality Systems AG, along with its subsidiaries has exceeded the threshold limit of 10% on the previous year consolidated turnover of the Company. Hence, the transactions with M/s.SQS Software Quality Systems AG and its subsidiaries have become "Material Transactions" as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. A transaction limit upto Rs.975 Mn per annum for providing services has been approved by the Shareholders in the Annual General Meeting of the Company held on July 23, 2015. The aforesaid transactions falls within the limits approved by the Members. There are no materially

significant related party transactions made by the Company with Directors, Key Managerial Personnel or other designated persons, which may have a potential conflict with the interests of the Company at large. All Related Party Transactions are placed before the Audit Committee and the Board of Directors for their approval.

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

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

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

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 2015-16, no unpaid or unclaimed dividend was transferred to the IEPF.

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:

- Conversion of all desktops to small form/ultra small form factor based to reduce power consumption
- Managing business expansions without additional data centers.
- Light Sensors to automatically switch off unwanted lights
- Shutting down air conditioners on a budgeted hour's basis.
- Proposal to move towards LED lighting from current CFL.
- Utilizing 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 utilizing alternate sources of energy – The Company's registered office is located in a tech park where in close to 50% of the energy consumed are being sourced from grid using Wind Turbines.
- (iii) The capital investment on energy conservation equipment - Nil

(B) Research & Development and Technology absorption:

- (i) The Company continues to focus on improving the technology for test automation and services framework to improve its offering to the customers.
- (ii) The Company developed a tool called FaXimmé, which enhances the automation in Test Process. This tool is basically a financial transaction simulator that aids issuers, acquirer and network providers to rapidly test payment transactions in a simulated environment. This in fact helps testing the software systems for messaging compliance without a physical connection in a live production environment. This has been developed to work in hosted/cloud environment, allows multiple users and instances to be deployed. The Company is actively demonstrating the features with the prospective clients, including leading banks and card operators.
- (iii) The Company has absorbed appropriate technology advancements in providing the best services to its customers, with a focus of providing the same without any major financial implications to the organization. The Company has invested in infrastructure which is compliant and has been certified under established standards including SSAE 16, ISAE 3402 and PCI-DSS.
- (iv) The procurement system continuously ensures cost effective purchases of the hardware more through local vendors thereby reducing dependency on imports. Where required, the Company also imports servers, switches etc. reserving foreign currency from out of its EEFC accounts.
- (v) There are no imported technologies during the last three financial years.

(C) Foreign exchange earnings and outgo:

Foreign Exchange earned during the year in terms of actual inflows was Rs.2,450 Mn. Foreign Exchange outgoings during the year in terms of actual outflows was Rs.1,081 Mn.

22. Risk Management:

Risk Management at SQS BFSI is a comprehensively evolved process over the years and 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.

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

23. 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 and 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 responses / corrective actions thereon are presented to the Audit Committee of the Board.

During the year, review of Internal Financial Control (IFC) has been made mandatory for the statutory auditors, the review of which has been carried out and report annexed, as part of Auditor's Report.

24. Corporate Social Responsibility:

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

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

The Company has also contributed to an NGO, World Vision India, towards improvement of sanitation facilities in a Government School in Erukampattu Village, in Vellore District.

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.

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 Regulation 18 of the SEBI (Listing Obligations Disclosure Requirements) Regulations, 2015.

The members of the Audit Committee are as follows:

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

26. Recommendation of Audit Committee:

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

27. 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>

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

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

- a. In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b. Accounting policies had been selected and applied consistently; made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- c. Proper and sufficient care was taken for the maintenance of adequate accounting records in accordance with the provisions of this Act to safeguard the assets of the Company, to prevent and detect fraud and other irregularities;
- d. Annual accounts were prepared on a going concern basis;
- e. Adequate internal financial controls were followed by the Company and that such internal financial controls are adequate 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.

29. Board Evaluation:

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations Disclosure Requirements) Regulations, 2015, the Board of Directors of the Company 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 04, 2016. The Board of Directors in their meeting held on April 28, 2016 evaluated the Independent Directors individually. No Director participated in his/her 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 were taken as appropriate.

30. 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

31. Familiarization Programs:

The Company has a familiarization program for Independent Directors pursuant to Regulation 25(7) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The aim of the familiarization program is to provide insights into the Company to the Independent Directors, to enable them to understand the Company's business in depth and contribute significantly to the Company. The overview of the familiarization process and details of the familiarization programs imparted to the Independent Directors have been updated in the Company's website at <http://www.sqs-bfsi.com/investors/corporate-governance-policies.php>.

32. Policy for determining Material Subsidiaries:

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

33. Particulars of Employees:

In accordance with the provisions of Section 197 of the Companies Act, 2013 read with Rule 5 of the 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**.

34. Directors & Key Managerial Personnel:

During the year, Dr. Martin Müller resigned as Managing Director and CEO with effect from March 31, 2016. We thank him for his significant contribution to the successful integration of Thinksoft into SQS and wish him well in the future. Ms. Aarti Arvind has been appointed as Managing Director and CEO and Mr. N. Vaidyanathan has been appointed as Executive Director with effect from April 01, 2016. The appointments were approved by the shareholders through Postal Ballot on March 16, 2016.

Mr. Gireendra Kasmalkar resigned as a non-executive director at the financial year end. We thank him for his support and contribution as non-executive director and wish him well in his new ventures. Further, Mr. Reji Thomas Cherian has been appointed as an Additional Director with effect from April 28, 2016. A Shareholder has proposed the appointment of Mr. Reji Thomas Cherian as Non-Executive Director and the same has been proposed in the notice to the Annual General Meeting.

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr. David Bellin (DIN-06790066) retires by rotation, and being eligible, offers himself for re-appointment.

In the Annual General Meeting held on July 23, 2015, Ms. Lilian Jessie Paul was appointed as an Independent Director of the Company with effect from October 30, 2014.

Ms. S. Akila has resigned as Company Secretary with effect from April 28, 2016 and Mr. S. Sampath Kumar has been appointed as Company Secretary and Compliance Officer with effect from the same date.

35. Public Deposits:

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

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 Share Transfer Agent” of the Company. The amount lying in the IPO Refund Account shall be transferred to the Investor Education and Protection Fund of the Central Government on October 14, 2016.

37. Statutory Auditors:

M/s.PKF Sridhar & Santhanam LLP, Chartered Accountants, Chennai is the Auditors of the Company. They were appointed in the 16th Annual General Meeting 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. An ordinary resolution for ratification is being placed before the Members of the Company in the ensuing 18th Annual General Meeting for their approval.

The report issued by the Auditors to the members for the year ended March 31, 2016 does not contain any qualification, reservation or adverse remark or disclaimer.

38. Secretarial Audit Report:

Pursuant to Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. M. Alagar & Associates, Practicing Company Secretary as the Secretarial Auditor of the Company in the Board Meeting held on July 23, 2015 for the financial year 2015-16. The Secretarial Audit Report issued by M/s. M. Alagar & Associates is annexed and forms part of this Report in **Annexure VII**.

There is no Secretarial Audit qualification for the year under review.

39. Material orders passed by the Regulators, Courts or Tribunals:

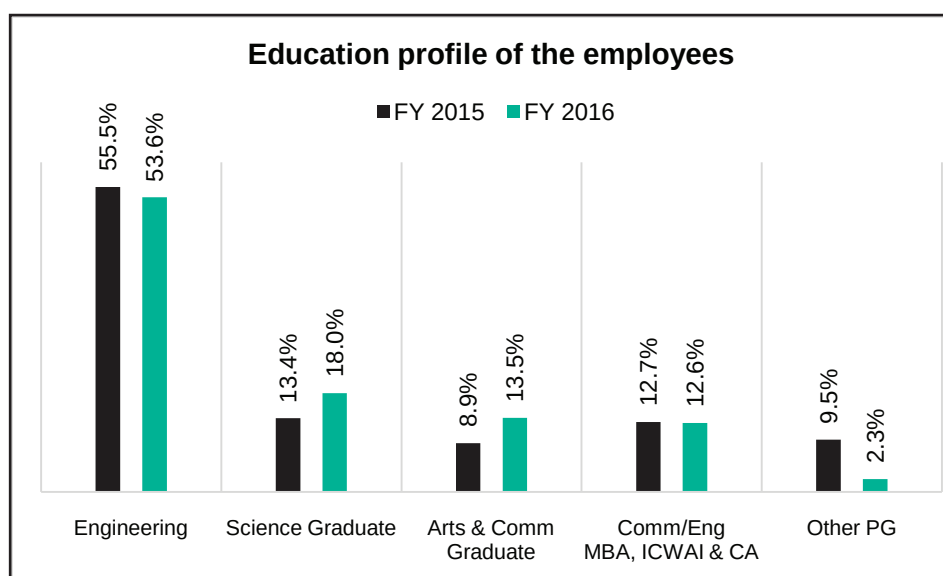
There are no significant and material orders passed by the Regulators or Courts or Tribunals that may have an impact for the Company as a going concern and / or Company's operations.

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 the emerging developments in a dynamic market.

In 2015-16, the Company crossed the 1000 employee mark with the closing head count of 1076. More than 15% of the total work force was added in the second half of the year. The focus was on training the new recruits on the methodology, internal processes and best practices. As compared to the industry average of 40 hours of training per employee per year, the Company achieved 50 hours in spite of the high growth in head count.

Out of the 233 training programs conducted during the year on 171 topics, training was aligned on equipping employees on Agile testing, Dev-Ops and Mobile testing. The overall employee strength (consolidated) increased during this period to 1076 (previous year 907).



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 provides for 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.

All offshore TCoE of SQS India BFSI Limited continue to adhere to internal certification for Quality Management System ISO 9001 and ISO 27001 Information Security Management System.

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

The Company has in place a Policy on The 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/cases filed and disposed-off during the financial year 2015-16:

- a) No. of complaints received/cases filed: 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 2015-16 to both National Stock Exchange of India Limited and Bombay Stock Exchange Limited.

44. Acknowledgments:

We thank our Customers, Bankers and Vendors 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 Central and State Governments, Security and Exchange Board of India, National Stock Exchange of India Limited, Bombay Stock Exchange Limited, the Reserve Bank of India, the Madras Export Processing Zone (MEPZ), and other Government Agencies for their support and look forward to their continued support in the future.

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

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

Place : Chennai

Date : April 28, 2016

David Bellin
Chairman & Director

Annexure – I

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

S.No.	Description	Thinksoft - Employee Stock Option Scheme 2011	
		Granted during 2011-12	Granted during 2012-13
1	Total Number of options granted under the Plan	339,000	410,500
2	Options Vested during the year	NIL	123,150
3	Options Exercised during the year	NIL	93,450
4	Total number of shares arising as a result of exercise of options (as of March 31, 2016)	316,200	270,968
5	Options lapsed	19,200	68,500
6	Exercise Price (in Rs.)	38.05	114.70
7	Money realised by exercise of options during the year (in Rs.)	NIL	10,718,715
8	Total number of options in force at the end of the year (granted, vested and unexercised / unvested and unexercised)	3,600	71,032
9	Employee wise details of options granted to		
	(i) Key Managerial Personnel		
	Mr. N. Vaidyanathan Executive Director & Chief Financial Officer	40,000 options	20,000 options
	(ii) any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year	NIL	
	(iii) identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	NIL	

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

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

(Amount in Rs.)

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Net profit as reported	318,645,910	184,836,793
Add : Stock-based employee compensation expense (intrinsic value method)	NIL	NIL
Less: Stock-based employee compensation expense (fair value method)	1,067,203	2,141,888
Pro-forma net profit	317,578,707	182,694,905
Basic earnings per share as reported	30.09	17.81
Pro-forma basic earnings per share	29.99	17.60
Diluted earnings per share as reported	29.90	17.56
Pro-forma diluted earnings per share	29.80	17.36

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

Place: Chennai
Date : April 28, 2016

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)

S.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)	US Dollars (USD)	Euro	Great British Pound (GBP)	United Arab Emirates Dirham (AED)
	49.02	66.33	75.10	95.09	18.06
	(SGD VS INR as on 31.03.2016)	(USD VS INR as on 31.03.2016)	(Euro VS INR as on 31.03.2016)	(GBP VS INR as on 31.03.2016)	(AED VS INR as on 31.03.2016)
Share capital (in Mn)	2.66	4.63	2.71	24.17	8.70
Reserves & surplus (in Mn)	55.65	56.57	6.87	59.19	39.68
Total Assets (in Mn.)	64.34	130.25	9.99	356.68	60.17
Total Liabilities (in Mn.)	6.03	69.06	0.39	273.33	11.80
Investments (in Mn.)	Nil	Nil	Nil	Nil	Nil
Turnover (in Mn.)	85.05	273.73	Nil	180.10	210.74
Profit / (Loss) before taxation (in Mn.)	12.67	27.64	0.88	15.62	6.48
Provision for taxation (in Mn)	0.22	(10.47)	-	(2.80)	-
Profit /(Loss) after taxation (in Mn)	12.89	17.17	0.88	12.82	6.48
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 LLP
Chartered Accountants
Firm's Regn. No.003990S/S200018

For and on behalf of the Board of Directors

T V Balasubramanian

Partner

Membership No. : 027251

Place : Chennai

Date : April 28, 2016

David Bellin

Chairman & Director

Place : Chennai

Date : April 28, 2016

Aarti Arvind

Managing Director

N Vaidyanathan

Executive Director & CFO

S Sampath Kumar

Company Secretary

Annexure III

Form No. MGT-9

Extract of Annual Return as on the financial year ended on March 31, 2016

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

S.No	Name and Address of the Company	CIN/GLN /UIN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	SQS Software Quality Systems AG, Stollwerckstrasse 11 51149 Cologne Germany	Amtsgericht Köln, HRB 12764	Holding	54.08	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)
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)

S.No	Name and Address of the Company	CIN/GLN /UIN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
4*	Thinksoft Global Services (Europe) GmbH, Bittenweg 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)

* Under process of liquidation.

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

i) Category-wise Shareholding:

Category Code	Category Of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A)	PROMOTER AND PROMOTER GROUP									
(1)	INDIAN									
(a)	Individual /HUF	-	-	-	-	-	-	-	-	-
(b)	Central Government/ State Government(s)	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	-	-	-	-	-	-	-	-	-
(d)	Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
(e)	Others	-	-	-	-	-	-	-	-	-
	Sub-Total A(1) :	-	-	-	-	-	-	-	-	-
(2)	FOREIGN									-
(a)	Individuals (NRIs/ Foreign Individuals)	-	-	-	-	-	-	-	-	-
(b)	Bodies Corporate	5,753,801	-	5,753,801	54.56	5,753,801	-	5,753,801	54.08	-0.48
(c)	Institutions	-	-	-	-	-	-	-	-	-
(d)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
(e)	Others	-	-	-	-	-	-	-	-	-
	Sub-Total A(2) :	5,753,801	-	5,753,801	54.56	5,753,801	-	5,753,801	54.08	-0.48
	Total A=A(1)+A(2)	5,753,801	-	5,753,801	54.56	5,753,801	-	5,753,801	54.08	-0.48
(B)	PUBLIC SHARE-HOLDING									

Category Code	Category Of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(1)	INSTITUTIONS									
(a)	Mutual Funds /UTI	635,469	-	635,469	6.03	294,502	-	294,502	2.77	-3.26
(b)	Financial Institutions /Banks	5,514	-	5,514	0.05	5,715	-	5,715	0.05	-
(c)	Central Government / State Government(s)	-	-	-	-	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(e)	Insurance Companies	-	-	-	-	-	-	-	-	-
(f)	Foreign Institutional Investors	100,410	-	100,410	0.95	135,324	-	135,324	1.27	0.32
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(h)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
(i)	Others	-	-	-	-	-	-	-	-	-
	Sub-Total B(1) :	741,393	-	741,393	7.03	435,541	-	435,541	4.09	-2.94
(2)	NON-INSTITUTIONS									
(a)	Bodies Corporate	475,540	-	475,540	4.51	640,793	-	640,793	6.02	1.51
(b)	Individuals									
	(i) Individuals holding nominal share capital upto Rs.1 lakh	1,642,794	2,015	1,644,809	15.60	1,952,914	2,015	1,954,929	18.38	2.78
	(ii) Individuals holding nominal share capital in excess of Rs.1 lakh	1,819,021	-	1,819,021	17.25	1,692,543	-	1,692,543	15.91	-1.34
(c)	Others									
	CLEARING MEMBERS	10,345	-	10,345	0.10	5,016	-	5,016	0.05	-0.05
	NON RESIDENT INDIANS	100,390	-	100,390	0.95	151,916	-	151,916	1.43	0.48
	NON BANKING FINANCIAL INSTITUTIONS	-	-	-	-	4,210	-	4,210	0.04	0.04
(d)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
	Sub-Total B(2):	4,048,090	2,015	4,050,105	38.41	4,447,392	2,015	4,449,407	41.82	3.42
	Total B=B(1)+B(2):	4,789,483	2,015	4,791,498	45.44	4,882,933	2,015	4,884,948	45.92	0.48
	Total (A+B):	10,543,284	2,015	10,545,299	100	10,636,734	2,015	10,638,749	100	-
(C)	Shares held by custodians, against which Depository Receipts have been issued									

Category Code	Category Of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(1)	Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
(2)	Public	-	-	-	-	-	-	-	-	-
	GRAND TOTAL (A+B+C)	10,543,284	2,015	10,545,299	100	10,636,734	2,015	10,638,749	100	-

(ii) Shareholding of Promoters:

S.No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	SQS SOFTWARE QUALITY SYSTEMS AG, GERMANY	5,753,801	54.56	-	5,753,801	54.08	-	-
	TOTAL	5,753,801	54.56	-	5,753,801	54.08	-	-

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

S.No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	At the beginning of the year	5,753,801	54.56	-	-
2	Increase / Decrease in shareholding during the year	No change during the year		-	-
3	At the End of the year	5,753,801	54.08	-	-

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

S.No.	Shareholder's Name	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	Kalpraj Damji Dharamshi	200,000	1.90	172,912	1.63
2	India Infoline Limited	-	-	168,293	1.58
3	L&T Mutual Fund Trustee Ltd - L&T Tax Advant	133,031	1.26	133,286	1.25
4	Bhadra Jayantilal Shah	100,000	0.95	100,000	0.94
5	Zaki Abbas Nasser	70,000	0.66	100,000	0.94
6	Ravindra Raichand Dharamshi	100,000	0.95	100,000	0.94
7	Hemang Raichand Dharamshi	150,000	1.42	100,000	0.94

S.No.	Shareholder's Name	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
8	L&T Mutual Fund Trustee Ltd - L&T India Spec	81,127	0.77	74,409	0.70
9	Rohinton K Khambatta	59,000	0.56	65,000	0.61
10	SLG International Opportunities L.P	59,600	0.57	59,600	0.56

(v) Shareholding of Directors and Key Managerial Personnel:

S.No.	Shareholding of Directors	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	Mr. Rajiv Kuchhal				
1	At the beginning of the year	57,692	0.56	-	-
2	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	No change during the year		-	-
3	At the End of the year	57,692	0.56	-	-
	Prof. S. Rajagopalan				
1	At the beginning of the year	1,000	0.01	-	-
2	Date 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	-	-
	Prof. K. Kumar				
1	At the beginning of the year	1,000	0.01	-	-
2	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	No change during the year		-	-
3	At the End of the year	1,000	0.01	-	-
	Other 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			

S.No.	Shareholding of KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	Mr. N Vaidyanathan, Chief Financial Officer				
1	At the beginning of the year	25,073	0.24	-	-
2	Allotment of ESOP on November 05, 2015	6,000	0.05	31,073	0.29
3	At the End of the year	31,073	0.29	-	-
	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	96.33	-	-	96.33
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	96.33	-	-	96.33
Change in Indebtedness during the financial year				
Addition	-	-	-	-
Reduction	96.33	-	-	96.33
Net Change	96.33	-	-	96.33
Indebtedness at the end of the financial year				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid				
iii) Interest accrued but not due				-
Total (i+ii+iii)	-	-	-	-

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: Dr. Martin Müller MD & CEO:

S.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	19.56
	(b) Value of perquisites under Section 17(2) Income Tax Act, 1961	3.43
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	NIL
2	Stock Options	NIL

S.No.	Particulars of Remuneration	Amount (Rs.in Mn)
3	Sweat Equity	NIL
4	Commission # #	3.04
	- as % of profit	
	- others, specify	
5	Others, please specify	NIL
	i. Deferred bonus (pertaining to the current Financial Year payable in 2018) current Financial Year payable in 2018)	
	ii. Retirals	
	Total (A)	26.03

provision made in the books for which payment will be made during the FY 2016-17

B. Remuneration to other Directors:

Independent Directors	Prof. K. Kumar	Prof. S. Rajagopalan	Mr. Rajiv Kuchhal	Mr. Ulrich Bäumer	Ms. Lilian Jessie Paul	Total Amount (Rs.in Mn)
Fee for attending Board / Committee Meetings	0.34	0.34	0.26	0.02	0.11	1.07
-Commission**	0.76	0.76	0.76	0.76	0.76	3.80
-Others, Please Specify	-	-	-	-	-	-
Total (1)	1.10	1.10	1.02	0.78	0.84	4.87
Other Non Executive Directors: Mr.David Bellin						
Fee for arranging Board /Committee Meetings						0.11
-Commission**						0.76
-Others, Please Specify						-
Total (2)						0.87
Total (B) = (1)+ (2)						5.74

** provision made in the books for which payment will be made during the FY 2016-17

C. Remuneration to Key Managerial personnel other than MD/Manager/WTB:

S.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	13.71	1.41	15.12
	(b) Value of perquisites under Section 17(2) Income Tax Act, 1961 @@	3.32	-	3.32
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-

S.No.	Particulars of Remuneration	Mr. N. Vaidyanathan CFO	Ms. S. Akila Company Secretary	Total Amount (Rs.in Mn)
2	Stock Options	NA	NA	NA
3	Sweat Equity	NA	NA	NA
4	Commission	NA	NA	NA
	- as % of profit			-
	-others, specify			-
5	Others, please specify	NA	NA	NA
	i. Deferred bonus (pertaining to the current Financial year payable in 2018)	-	-	-
	ii. Retirals	-	-	-
	iii. Other Incentive ##	1.05	-	1.05
	Total (A)	18.08	1.41	19.49

@@ perquisites value considered for ESOP exercised during the year

Provision made in the books for which payment will be made during the FY 2016-17

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 : April 28, 2016

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:

S.No.	Name(s) 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	3 years from April 1, 2015 till March 31, 2018.	3 years from April 1, 2015 till March 31, 2018.	3 years from April 1, 2015 till March 31, 2018.	3 years from April 1, 2015 till March 31, 2018.	3 years from April 1, 2015 till March 31, 2018.

S.No.	Name(s) 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 - Up to - INR 975 Mn. per financial year; From Holding to Subsidiary Company - Up to INR 975 Mn. per financial year	i) From Subsidiary to holding Company – Up to INR 565 Mn. for the financial year - 2015-16; From Holding to Subsidiary Company – Up to INR 1,195 Mn. for the financial year - 2015-16.	i) From Subsidiary to holding Company – Up to INR 91 Mn. for the financial year - 2015-16; From Holding to Subsidiary Company – Up to INR 298 Mn. for the financial year - 2015-16 and ii) From Subsidiary to holding Company – Up to INR 109 Mn. for the financial year - 2015-16.	i) From Subsidiary to holding Company – Up to INR 463 Mn. for the financial year - 2015-16; From Holding to Subsidiary Company – Up to INR 980 Mn. for the financial year - 2015-16.	i) From Subsidiary to holding Company – Up to INR 200 Mn. for the financial year - 2015-16; From Holding to Subsidiary Company – Up to INR 276 Mn. for the financial year - 2015-16. and ii) From Subsidiary to holding Company – Up to INR 100 Mn. for the financial year - 2015-16.
(d)	Justification for entering into such contracts or arrangements or transactions	Business requirement	Business requirement	Business requirement	Business requirement	Business requirement
(e)	Date(s) of approval by the Board, if any	i) April 23, 2015	i) April 23, 2015	i) April 23, 2015 and ii) November 05, 2015	i) April 23, 2015	i) April 23, 2015 and ii) November 05, 2015
(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 : April 28, 2016

David Bellin

Chairman & Director

Annexure V

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

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

1	A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.	During this Financial year 2015-16, SQS continued to make its commitments for the CSR initiatives, the details of the activities/ contributions are given below: the summary of policy can be viewed at our website: http://www.sqs-bfsi.com/investors/corporate-governance-policies.php
2	Composition of the CSR Committee	Prof. S. Rajagopalan Prof. K. Kumar Dr. Martin Müller* * Has resigned from the services of the Company w.e.f. March 31, 2016
3	Average Net Profit of the Company for past three financial years (Computed u/s 198)	Rs.278,842,156
4	Prescribed CSR Expenditure (Two Percent of amount as in Item 3 above)	Rs.5,576,843
5	Details of CSR spent during the Financial Year:	
	a Total amount to be spent for the financial year	Rs.5,576,843
	b Amount unspent, if any	Nil
	c Manner in which the amount spent during the financial year	Details given below

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S.No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs 1. Local area or other; 2. Specify the State and district where the projects or programs was undertaken	Amount outlay (budget) project or programwise	Amount spent on the projects or programs Sub heads: 1. Direct expenditure on projects or programs 2. Overheads** Rs.	Cumulative Expenditure upto the reporting period Rs.	Amount spent: Direct or through implementing agency
1	Prime Minister Relief Fund	-	-	-	176,115	176,115	Direct
2	Vidya Sagar (formerly The Spastics Society of India)	Education: Supporting Differently Abled	Local Area; Chennai	For the areas identified	598,728	598,728	Direct
3	Vidya Sagar (formerly The Spastics Society of India)	Education: Supporting Differently Abled	Local Area; Chennai	Through Endowment fund for the areas identified	2,875,000	2,875,000	Direct

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S.No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs 1. Local area or other; 2. Specify the State and district where the projects or programs was undertaken	Amount outlay (budget) project or programwise	Amount spent on the projects or programs Sub heads: 1. Direct expenditure on projects or programs 2. Overheads** Rs.	Cumulative Expenditure upto the reporting period Rs.	Amount spent: Direct or through implementing agency
4	Vidya Sagar (formerly The Spastics Society of India)	Education - Supporting Differently Abled	Local Area; Chennai	Chennai Flood Relief	1,000,000	1,000,000	Direct
5	Vidya Sagar (formerly The Spastics Society of India)	Education - Supporting Differently Abled	Local Area; Chennai	Purchase of equipment for vocational training center	235,000	235,000	Direct
6	World Vision India	Education	Other; Vellore	Towards improvement of sanitation facilities	692,000	692,000	Direct
	Total				5,576,843	5,576,843	

** There are no expenditure on overheads during the year 2015-16.

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 28, 2016

Aarti Arvind

Managing Director & CEO

Prof. S. Rajagopalan

Chairman CSR - Committee

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

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

S.No.	Name	Designation	Remuneration in Rs.	Qualification	Experience (No. of years) (Overall experience including SQS)	Date of commencement of employment	Age (Yrs)	Last employment held by such employee before joining the Company (with Designation)	Percentage of Equity Shares held #
1	Aarti Arvind	Executive Vice President	10,278,005	B.Sc, MBA	18	1-Dec-2004	41	Manager - Vanaraj & Company	-
2	Dr. Martin Müller	Managing Director & CEO	22,987,952	Ph.D (Eco)	25	1-Jul-2014	50	Director, Software Quality Systems AG, Germany	-
3	Judson Daniel Jm	Project Manager	6,242,285	B.Com, MCA	13	20-Feb-2003	37	First Employment in Thinksoft	-
4	Murali P	Vice President-Finance	6,596,923*	B.A, FCA	29	13-Feb-2006	54	Sr. Manager (Finance) - Telesis Global Solutions Limited	0.16
5	Phani Tangirala	Senior Vice President - Delivery Services	7,954,591*	B.A	25	23-Sep-2010	45	Project Director, SSP India Private Limited	0.16
6	Pushpavaneswaran V	Associate Vice President - Delivery Services	9,570,133*	B.Sc, ACA	18	4-Aug-2003	49	Senior Business Consultant, Nalli SoftSolutions, Chennai	0.04
7	Saravanan P	Senior Manager - Process and Compliance	6,498,141*	B.Sc, MBA	22	14-Mar-2007	43	ASAHI Auto Glasses, Deputy Manager	0.02
8	Srinath P	Vice President - Technology & Infrastructure	6,571,593*	B.Com, AICWA	23	2-Jun-2000	42	SAP Consultant, Maars Software International Limited	0.17
9	Taral Shah	Senior Vice President - Delivery Services	9,435,229*	B.Com, DCA	26	6-Jan-2004	50	Assistant Manager, Unit Trust of India	0.22
10	Vaidyanathan N	Chief Financial Officer	17,032,307*	B.Sc. FCA	40	1-Sep-2005	63	Sr.Vice President & CFO - Polaris Software Lab Limited	0.29
11	Venkatesh V C	Senior Project Manager	6,078,689*	BBM, MBA	21	5-Mar-2007	40	CAMS Pvt Ltd., Deputy Manager	0.01
12	Vishnu Chittan V S	Senior Project Manager	8,327,340*	B.Sc, PGDCA, MCA	13	19-Aug-2002	33	First Employment in Thinksoft	0.09

* 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 relative of any Director or Manager

II. Employed for 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

S.No.	Name	Designation	Remuneration in Rs.	Qualification	Experience (No. of years) (Overall experience including SQS)	Date of commencement of employment	Age (Yrs)	Last employment held by such employee before joining the Company (with Designation)	Percentage of Equity Shares held #
1	Srinivasan R	Global Head of BFSI	14,447,026*	B.Sc, MFM	25	14-Jul-2010	47	Sr.Vice President- IBEXI Global Solutions Pvt. Limited	0.11
2	Anand S	Head - Human Resources	3,272,810	M.Com	26	18-Aug-2011	47	Head HR, Cosmo Films Limited	0.06

* 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 relative of any Director or Manager

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

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

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 : April 28, 2016

Annexure - VI B

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

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

S.No.	Name of the Director	Ratio of the remuneration of director to the median employee remuneration
1	Mr. David Bellin	1.48 : 1 (1 denotes Median Salary)
2	Dr. Martin Müller	50 : 1 (1 denotes Median Salary)
3	Prof. K. Kumar	1.48 : 1 (1 denotes Median Salary)
4	Ms. Lilian Jessie Paul	1.48 : 1 (1 denotes Median Salary)
5	Prof. S. Rajagopalan	1.48 : 1 (1 denotes Median Salary)
6	Mr. Rajiv Kuchhal	1.48 : 1 (1 denotes Median Salary)
7	Mr. Ulrich Bäumer	1.48 : 1 (1 denotes Median Salary)

Provision made in the books for which payment will be made during the FY 2016-17

2. Percentage increase in remuneration:

S.No.	Name	Designation	Percentage increase/ decrease in remuneration
1	Mr. David Bellin	Chairman & Director	65% increase compared to previous year*
2	Dr. Martin Müller	Managing Director & CEO	24% increase compared to previous year* #
3	Mr. N. Vaidyanathan	Executive Director & CFO	17% decrease due to perquisite value on ESOP exercised compared to previous year*
4	Prof. K. Kumar	Director	65% increase compared to previous year*
5	Ms. Lilian Jessie Paul	Director	230% increase compared to previous year*
6	Prof. S. Rajagopalan	Director	65% increase compared to previous year*
7	Mr. Rajiv Kuchhal	Director	65% increase compared to previous year*
8	Mr. Ulrich Bäumer	Director	65% increase compared to previous year*
9	Ms. S. Akila	Company Secretary	8% increase compare to previous year.

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

During the year was holding the office for 12 months compare to 9 month in the previous year.

3. Percentage increase in the median remuneration of employees:

The percentage of decrease in the Median employee remuneration is 3% as compared to the previous year.

4. Permanent Employees:

The Number of Permanent Employees on the rolls of the Company as on March 31, 2016 is 939 employees.

5. Relationship between average increase in remuneration and Company performance:

Average increase in Remueration overall	9%
Company Performance in terms of Revenue Compared to Previous Year	23%

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 1.7%

7. Other details:

S.No.	Particulars	Remarks
a	Variations in the market capitalisation	Increase by 61.2%
b	Price earnings ratio as at the closing date of the current financial year i.e. March 31, 2016	30.40
c	Price earnings ratio as at the closing date of the previous financial year i.e. March 31, 2015	32.59
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 628%
e	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year	During the FY 14-15, the overall salary increase to the employees around 9%
f	Percentile increase in managerial remuneration	Compared to last financial year the Managerial remuneration increased by 24%
g	The comparison with the percentile increase in the employee remuneration with managerial remuneration and justification thereof	Employee remuneration increase (+9%) was based on the appraisals and evaluations. Compare to the last financial year the Managerial Remuneration increase by 24%. During the financial year the Managing Director holding the office for a period of 12 month compared to 9 months in the previous year.
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	0.7%
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

NA

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 : April 28, 2016

David Bellin

Chairman & Director

Form No. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR 2015-16

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

To,

The Members,

SQS India BFSI Limited

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

Based on my verification of the **SQS India BFSI Limited** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended March 31, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by "the Company" for the financial year ended March 31, 2016 according to the provisions of:

1. The Companies Act, 2013 and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - f) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
6. The following applicable labour, employment and industrial laws;
 - a) The Contract Labour (Regulation and Abolition) Act, 1970
 - b) The Employees Compensation Act, 1923

- c) The Employees' Provident Funds & Miscellaneous Provisions Act, 1952
 - d) The Employees' State Insurance Act, 1948
 - e) The Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959
 - f) The Equal Remuneration Act, 1976 and The Equal Remuneration Rules, 1976
 - g) The Industrial Disputes Act, 1949
 - h) The Maternity Benefit Act, 1961
 - i) The Minimum Wages Act, 1948
 - j) The Payment of Bonus Act, 1965
 - k) The Payment of Gratuity Act, 1972
 - l) The Payment of Wages Act, 1936
 - m) The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
 - n) The Tamil Nadu Industrial Establishments (Conferment of Permanent Status to Workmen) Act, 1981
 - o) The Tamil Nadu Labour Welfare Fund Act, 1972
 - p) The Tamil Nadu Payment of Subsistence Allowance Act, 1981
 - q) The Tamil Nadu Shops and Establishments Act, 1947
 - r) The Tamil Nadu Tax on Professions, Trades & Callings and Employments Act, 1992
7. Other laws applicable specifically to the Company namely,
- a) The Special Economic Zone Act, 2005 and rules made thereunder
8. I have also examined compliance with the applicable clauses of the following:
- a) Secretarial Standards issued by The Institute of Company Secretaries of India.
 - b) 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, Standards and Guidelines made thereunder.

I further report that the compliance by the Company of applicable financial laws, like direct and indirect tax laws, has not been reviewed in this Audit since the same have been subject to review by statutory financial audit and other designated professionals.

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

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

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

I further report that 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.

For M. Alagar & Associates

Place: Chennai

Date : April 18, 2016

M. Alagar

FCS No.: 7488

C P No. : 8196

Management Discussion and Analysis

Business Overview:

The completed integration of SQS India BFSI Limited within the SQS Group has delivered and will continue to deliver the expected advantage from scale and cross promotion. Additional revenue generated from within the group grew from 3% of total revenue in the previous year to 11% in 2015-16. In addition, ongoing efforts to standardize and optimize operations across India will help improve efficiencies in the future years. SQS India BFSI Limited continues to focus on its core strength in BFSI domain, while leveraging the group's size and presence across Europe and US to win new business.

Revenues of SQS India BFSI Limited grew by an impressive 23% to Rs.2,642 Mn. for the year 2015-16 while Net Profits increased by 70% to Rs.369 Mn.

Highlights include:

- A more even spread of revenue across quarters delivering a 23% year on year increase.
- A significant improvement in collections brought down the days sales outstanding from over 90 to 62 days.
- Continuing revenues from the existing customer base contributed 82% of total revenue demonstrating the confidence of our customers in the quality of our offering.
- New customers, with growth potential, accounted for 18% of revenue.
- Onsite revenues increased from 55% to 62% but we see opportunities to migrate work to offshore enhancing profitability while sustaining high levels of quality and service.
- Banking remains and will continue to be our dominant sector. Cards & Payments has shown strong growth and we see greater opportunities in insurance.
- Revenue from European markets accounted for 51% of total revenue and significant customer gains in the Banking space in the Middle East and Egypt markets helped the region grow by 32% to Rs.484 Mn of our total revenue.
- During the year, we crossed the 1000 mark for the first time in our history to end the year with 1076 employees. Focused skill enhancement initiatives to keep pace with changing technology and business needs as well and with the addition of employees, average was maintained at 50 hours of training per employee. Advanced training programs in Agile Technology, Mobile Testing and automation tools are continuing. The Company continues to invest in building the skill sets and competencies to align with more complex business requirements.

The year under review can best be described as a year of good growth; investment in our people and laid out new foundations to build our competencies, our scale and future business developments.

Global Outlook & Trends in the Quality Assurance (QA) Industry:

Client requirements are growing beyond software testing to a more holistic testing of business processes requiring end-to-end QA specialists to take responsibility for application/product quality. At the same time application lifecycles are becoming shorter. An increasing number of releases, renewed focus on increasing capacity and quality should increase demand. We anticipate testing budgets rising in 2016 to meet these requirements.

Nelson Hall (a leading Outsourcing Research & Analysis firm) predicts an 8-9% growth in software testing and quality services in 2016 as digital transformation drives growth in our industry. This is despite lower oil prices and lower GDP growth in China limiting overall IT industry growth to 2%.

Some of the key trends shaping the Testing / QA industry of tomorrow include:

- **Mobile:** Mobile testing will continue to remain at the top of test automation trends, due to the remarkable shift in the adoption of mobile devices and technology in business. The need for QA expertise as well as state of the art mobile labs on demand will increase.
- **Digitization:** Legacy modernization of software and hardware assets will result in considerable IT spend in the coming years. The functional and non-functional testing opportunities are tremendous as testing is mandatory whether the digitization strategy is make or buy. SQS has a definite advantage for customers preferring to partner with an independent QA Company that understands their business needs and offers much more than technical solutions.
- **Non Functional Testing:** With ever increasing security and regulatory compliance requirements, demand for non-functional testing (performance, fail-over, security, accessibility and user experience (UX) testing) is expected to increase. Strong technical expertise and domain excellence makes SQS a trusted partner for these Customers.
- **Big Data & Analytics:** Quality management for Big Data implementations will emerge with the rise of Big Data and Predictive Analytics. Devices, applications and networks generate a huge source of unstructured and broken data ultimately leading to faulty and costly decisions if quality management is missing.
- **DevOps:** DevOps is the concept of stronger collaboration between business, development and operations throughout the Software Development Life Cycle (SDLC) typically in combination with Agile / Lean methodologies. This helps in faster go to market and also in identifying and fixing defects early on, which helps to save costs. SQS has well-defined offerings/methodologies in this area and we expect the demand for these services to increase in the future.
- **Internet of Things:** This is a growing trend and experts predict that approximately 50 billion objects will be connected to the internet which will use some sort of connectivity and sensors to react in the environment. This will require repeated testing of these objects along with the data that will be generated on a continuous basis.
- **Independent QA Services:** More customers are espousing this approach. The trend is more evident in US and Europe geographies. In India too banks and financial institutions are relying more on independent QA services rather than testing by the Product / application developer. The need for independent QA services in BFSI has become very critical, since any system failure or miss in business requirements could result in significant financial as well as reputation loss.

In line with these trends, customers are moving towards competency centers, automation, Agile methodologies and DevOps, to improve business agility and efficiency. We have been building on our traditional strength in managing Testing Centers of Excellence (TCoE's) for global customers to meet revised testing objectives and will continue to respond to the new technology changes in the market.

Opportunities and risks:

We therefore foresee continuing growth in key markets, though the type of services we offer will change with new technologies, the on-going mobile revolution and digitalization. The addressable testing market has been valued at over \$15 Bn (by Gartner a leading information technology research and advisory Company) with more evidence suggesting the increasing significance of quality services for business critical end-to-end processes.

The domestic market in India is growing with more private and public sector players outsourcing QA. We already work with some of the largest BFSI institutions in India and are well positioned to benefit from this trend.

While we see the opportunities for growth we recognize increased competition and increasing offshore salary costs are putting pressure in margins. In our market, clients are looking for flexible pricing models and bespoke solutions. More managed services engagements and more off-shoring will help us manage margins and counter increased costs.

The drop and volatility in oil prices could have a negative impact on the Middle East markets which are highly depended on oil exports. We feel this could be offset by growth in other developed markets.

In summary, we see new opportunities and recognize economic realities in our evolving markets. We are investing for growth and preparing the Company to be more nimble in exploiting the opportunities and meeting the challenges.

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.

I. Composition:

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

As on March 31, 2016, 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.

Dr. Martin Müller resigned as the Managing Director and CEO of the Company with effect from March 31, 2016. Ms. Aarti Arvind was appointed as the Managing Director and CEO of the Company and Mr. N. Vaidyanathan was appointed as the Executive Director of the Company with effect from April 01, 2016. The appointment of Ms. Aarti Arvind and Mr. N. Vaidyanathan as Managing Director & CEO and Executive Director respectively were approved by the shareholders vide resolution passed through postal ballot on March 16, 2016.

Further Mr. Gireendra Kasmalkar resigned as Director with effect from March 31, 2016. Further Mr. Reji Thomas Cherian has been appointed as Additional Director with effect from April 28, 2016. The Company has also received a notice in writing from a Member proposing Mr. Reji Thomas Cherian's candidature for the office of Director of the Company and the proposal for his appointment as Non-Executive Director has been included in the Notice to the Annual General Meeting.

In the Annual General Meeting held on July 23, 2015 Ms. Lilian Jessie Paul was appointed as an Independent Director of the Company with effect from October 30, 2014 to October 29, 2019, not liable to retire by rotation.

Further to the above changes, as on April 28, 2016, the Board comprises of 10 members, out of which, two are Executive Directors, three are Non-Executive Directors and five are Non-Executive - Independent Directors. The Chairman of the Board is a Non-Executive Director.

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

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

II. Board Meetings:

Five Board Meetings were held during the year and the gap between any two meetings did not exceed 120 days. The dates on which the said meetings were held are as follows: April 23, 2015, May 18, 2015, July 23, 2015, November 05, 2015 and January 28, 2016.

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 2015-16		Whether attended last AGM held on July 23, 2015
		Held	Attended	
Mr. David Bellin	Chairman & Non-Executive Director	5	3	Yes
Dr. Martin Müller #	Managing Director	5	5	Yes
Mr. Gireendra Kasmalkar #	Non-Executive Director	5	4	Yes
Prof. K. Kumar	Independent & Non-Executive Director	5	5	Yes
Ms. Lilian Jessie Paul	Independent & Non-Executive Director	5	4	Yes
Prof. S. Rajagopalan	Independent & Non-Executive Director	5	5	Yes
Mr. Rajiv Kuchhal	Independent & Non-Executive Director	5	5	Yes
Mr. René Gawron	Non-Executive Director	5	4	Yes
Mr. Ulrich Bäumer	Independent & Non-Executive Director	5	1	Yes

resigned as Director with effect from March 31, 2016

Notes:

- None of the Directors holds directorships in any other Indian Public Limited Companies and does not hold Membership/Chairmanship of any Committee(s) in other Indian Public Limited Companies (listed and unlisted).
- None of the Non-Executive Directors have any material pecuniary relationship or transactions with the Company.
- None of the Directors are related inter-se.
- During the year, information as mentioned in Annexure XI to Clause 49 of the Listing Agreements and Schedule II Part A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has been placed before the Board for its consideration.

Post meeting follow-up mechanism:

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

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

Number of shares held by Non-Executive Directors as on March 31, 2016 are:

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

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

IV. Familiarization Programmes:

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

3. Audit Committee:

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

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - ♦ Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013
 - ♦ Changes, if any, in accounting policies and practices and reasons for the same
 - ♦ Major accounting entries involving estimates based on the exercise of judgment by management
 - ♦ Significant adjustments made in the financial statements arising out of audit findings
 - ♦ Compliance with listing and other legal requirements relating to financial statements
 - ♦ Disclosure of any related party transactions
 - ♦ Qualifications in the draft audit report
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

- Discussion with internal auditors of any significant findings and follow up there on;
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- To review the functioning of the Whistle Blower mechanism;
- Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

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

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

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

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

Four Audit Committee Meetings were held during the year. The dates on which the said meetings were held are as follows: April 23, 2015, July 22, 2015, November 04, 2015 and January 27, 2016.

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 2015-16	
		Held	Attended
Prof. K. Kumar	Chairman	4	4
Prof. S. Rajagopalan	Member	4	4
Mr. Rajiv Kuchhal	Member	4	4
Mr. René Gawron	Member	4	4

Prof. K. Kumar, Chairman of the Audit Committee attended the previous Annual General Meeting of the Company held on July 23, 2015.

4. Nomination and Remuneration Committee:

Nomination and Remuneration Committee was constituted to discharge the Board's responsibilities related to performance evaluation, formulating policy for selection and appointment of directors and KMP, appointment and compensation of the Company's executive directors / KMP. The committee has the overall responsibility of approving and evaluating the compensation plans, policies and programs for executive Directors. The Committee is entailed to formulate various policies as required under erstwhile Clause 49 of the Listing Agreement and now, under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

I. Brief description of terms of reference:

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

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

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

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

Four Nomination and Remuneration Committee Meetings were held during the year. The dates on which the said meetings were held are as follows: April 23, 2015, July 22, 2015, November 04, 2015 and January 27, 2016.

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

Name of the Director	Status	Number of meetings during the year 2015-16	
		Held	Attended
Prof. K. Kumar	Chairman	4	4
Prof. S. Rajagopalan	Member	4	4
Mr. Rajiv Kuchhal	Member	4	4
Mr. David Bellin	Member	4	3

III. Performance Evaluation Criteria for Independent Directors:

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

5. Remuneration of Directors:

I. Remuneration policy:

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

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

The Policy also sets out the following in details:

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

The evaluation criteria is provided elsewhere in the Annual Report.

II. Details of Remuneration for the year ended March 31, 2016:

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

a. Remuneration of Non-Executive Directors:

Name of the Director	Commission (Rs.)	Sitting Fees (Rs.)	Total (Rs.)
Mr. David Bellin	760,000	120,000	880,000
Mr. Gireendra Kasmalkar	Nil	Nil	Nil
Prof. K. Kumar	760,000	360,000	1,120,000
Ms. Lilian Jessie Paul	760,000	100,000	860,000
Prof. S. Rajagopalan	760,000	360,000	1,120,000
Mr. Rajiv Kuchhal	760,000	280,000	1,040,000
Mr. René Gawron	Nil	Nil	Nil
Mr. Ulrich Bäumer	760,000	20,000	780,000

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

The Criteria of making payments to Non-Executive Directors is provided under Item No.30 of the Directors' Report.

c. Stock option details:

Details of Shares and Stock option held by Non-Executive Directors as on March 31, 2016 are as under:

S.No	Name	Shares Held	Stock Option
1	Prof. K. Kumar	1,000	10,000
2	Prof. S. Rajagopalan	1,000	10,000
3	Mr. Rajiv Kuchhal	57,692	10,000
	TOTAL	59,692	30,000

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

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

d. Remuneration of Executive Director:

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

Amount in Rs.

S. No.	Particulars of Remuneration	Dr. Martin Müller MD & CEO
1	Gross Salary	22,987,952
2	Stock Options	NIL
3	Sweat Equity	NIL
4	Commission #	3,045,085
5	Others	NIL
	Total	26,033,037

Provision made in the book for which payment will be made during FY 2016-17.

The Gross Salary given in Point 1 above includes the Performance based incentive for year 2015-16. The Variable compensation were based on the achievement of a set of parameters as was decided by the Board of Directors of the Company from time to time. These parameters consists of quantitative as well qualitative achievements.

The agreement with Managing Director was 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 or by prior approval of the Board of Directors. Dr. Martin Müller has resigned from the services of the Company on March 31, 2016.

6. Stakeholders' Relationship Committee:

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

Four Stakeholders' Relationship Committee Meetings were held during the year. The dates on which the said meetings were held are as follows: April 23, 2015, July 22, 2015, November 04, 2015 and January 27, 2016.

The Committee consists of two Independent Directors and one Executive Director. The Chairman of the committee is Independent & Non-Executive Director.

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

Name of the Director	Status	Number of meetings during the year 2015-16	
		Held	Attended
Prof. S. Rajagopalan	Chairman	4	4
Prof. K. Kumar	Member	4	4
Dr. Martin Müller*	Member	4	4

*Resigned as the Director of the Company with effect from March 31, 2016.

Ms.Lilian Jessie Paul has been appointed as the Member of the Committee with effect from April 28, 2016.

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

Ms. S. Akila resigned as the Company Secretary of the Company with effect from April 28, 2016 and Mr. S. Sampath Kumar has been appointed as the Company Secretary and Compliance Officer of the Company with effect from April 28, 2016.

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

Number of Complaints received during the year@	49
Number of Complaints resolved during the year	49
Number of Complaints not solved to the satisfaction of Shareholders	NIL
Number of Complaints pending as on March 31, 2016	NIL

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

7. Corporate Social Responsibility Committee:

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

One Corporate Social Responsibility Committee Meetings was held during the year. The meeting was held on January 13, 2016.

The Committee consists of two Independent Directors and one Executive Director. The Chairman of the Committee is Independent & Non-Executive Director.

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

Name of the Director	Status	Number of meetings during the year 2015-16	
		Held	Attended
Prof. S. Rajagopalan	Chairman	1	1
Prof. K. Kumar	Member	1	1
Dr. Martin Müller #	Member	1	1

Resigned as the Director of the Company with effect from March 31, 2016.

Ms. Lilian Jessie Paul has been appointed as the Member of the Committee with effect from April 28, 2016.

8. Independent Directors' Meeting:

The meeting of Independent Directors of the Company was held on March 04, 2016. All the Independent Directors of the Company except Mr. Ulrich Bäumer has participated in the said meeting. In the meeting, the Independent Directors have,

- Reviewed the performance of non-independent directors and the Board as a whole
- Reviewed the performance of the Chairman of the Company, taking into account the views of executive directors and non-executive directors
- Assessed the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

9. General Body Meetings:

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

Details	Date	Time	Venue
Annual General Meeting 2012-13	July 25, 2013	3.30 p.m	Rani Seethai Hall, No.603, Anna Salai, Chennai-600 006.
Annual General Meeting 2013-14	July 24, 2014	3.30 p.m	Sri Thyaga Brahma Gana Sabha, P.Obul Reddy Hall, Vani Mahal, 103, G.N.Chetty Road, T. Nagar, Chennai -600 017.
Annual General Meeting 2014-15	July 23, 2015	3.30 p.m.	The Residency Towers, The Town Hall, 115, Sir Thyagaraya Road, T. Nagar, Chennai - 600 017

II. Extraordinary General Meeting:

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

III. Postal Ballot:

The following resolutions were passed through Postal Ballot under provisions of Section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014 on March 16, 2016:

- 1) Ordinary Resolution towards appointment of Ms. Aarti Arvind (DIN 07414979) as Director of the Company.
- 2) Special Resolution towards appointment of Ms. Aarti Arvind (DIN 07414979) as Managing Director and CEO of the Company.
- 3) Ordinary Resolution towards appointment of Mr. N. Vaidyanathan (DIN 02636173) as Director of the Company.
- 4) Special Resolution towards appointment of Mr. N. Vaidyanathan (DIN 02636173) as Executive Director of the Company.

The Board of Directors in their meeting held on January 28, 2016 had appointed Mr. M. Alagar, M. Alagar & Associates Practicing Company Secretaries as the Scrutiniser for conducting the postal ballot and e-voting process in a fair and transparent manner. Karvy Computershare Private Limited (RTA) was appointed as the agency for providing e-voting platform.

The Company had completed the dispatch of Notice of Postal Ballot with Postal Ballot Form dated January 28, 2016 by Registered Post along with postage prepaid business reply envelope to the Members whose e-mail IDs were not registered with the Depository Participant(s) and soft copies were sent by electronic mode to all those members, who had registered their e-mail IDs with the Depository Participant. February 05, 2016 was determined as the cut-off date / record date for ascertaining the names of shareholders to whom notice was required to be sent. The voting period remained open from February 17, 2016 to March 16, 2016. All postal ballot forms received up to 6.00 p.m. on March 16, 2016, being the last date and time fixed by the Company for receipt of the forms were considered for scrutiny.

The results of the postal ballot was declared on March 21, 2016. As per the Scrutiniser's report, all resolutions were passed with requisite majority. The resolutions were considered to be passed on March 16, 2016, being the last date of voting, in terms of the Secretarial Standards on General Meetings (SS-2) issued by the Institute of Company Secretaries of India in terms of Section 118 of the Companies Act, 2013.

The results were intimated to Stock exchanges and uploaded in the website of the Company on March 21, 2016 and was published on March 22, 2016 in English daily and Tamil daily for information of Members.

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

Details of Voting Pattern:

S. No	Particulars of Resolution	Total No. of Valid Votes	Votes in Favour		Votes Against	
			No. of Shares	% of Votes	No. of Shares	% of Votes
1	Ordinary Resolution towards Appointment of Ms. Aarti Arvind as a Director of the Company	61,11,026	61,11,014	100	12	-
2	Special Resolution towards Appointment of Ms. Aarti Arvind as Managing Director and CEO of the Company	61,11,026	58,39,541	95.56	2,71,485	4.44
3	Ordinary Resolution towards Appointment of Mr. N. Vaidyanathan as a Director of the Company	61,11,026	61,11,011	100	15	-
4	Special Resolution towards Appointment of Mr. N. Vaidyanathan as Executive Director of the Company	61,11,026	58,39,524	95.56	2,71,502	4.44

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

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

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

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

10. Means of Communication to Shareholders:

Quarterly results and newspapers wherein results published:

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

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

All material information about the Company is promptly sent through E-mail/ webhosting to the Stock Exchanges where the Company's shares are listed.

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

11. General Shareholder Information:

I. Annual General Meeting Date, Time and Venue:

18th Annual General Meeting

Date and Time: July 28, 2016 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 2016-17

Financial Year	April 1, 2016 to March 31, 2017
First Quarter Results	On or before August 15, 2016
Half Yearly Results	On or before November 15, 2016
Third Quarter Results	On or before February 15, 2017
Fourth Quarter and Annual Results	On or before May 31, 2017

III. Date of book closure:

July 23, 2016 to July 28, 2016 (both days inclusive)

IV. Dividend payment date:

The Final Dividend proposed to be declared for the year 2015-16 will be paid on or before August 27, 2016. Interim dividend declared during the year was paid on December 02, 2015

V. Listing of Stock Exchanges and Stock Code:

10,638,749 equity shares of Rs.10/- each is listed at

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

The Company has paid the annual listing fees for the year 2015-16 on both the above Stock Exchanges.

VI. Market Price data:

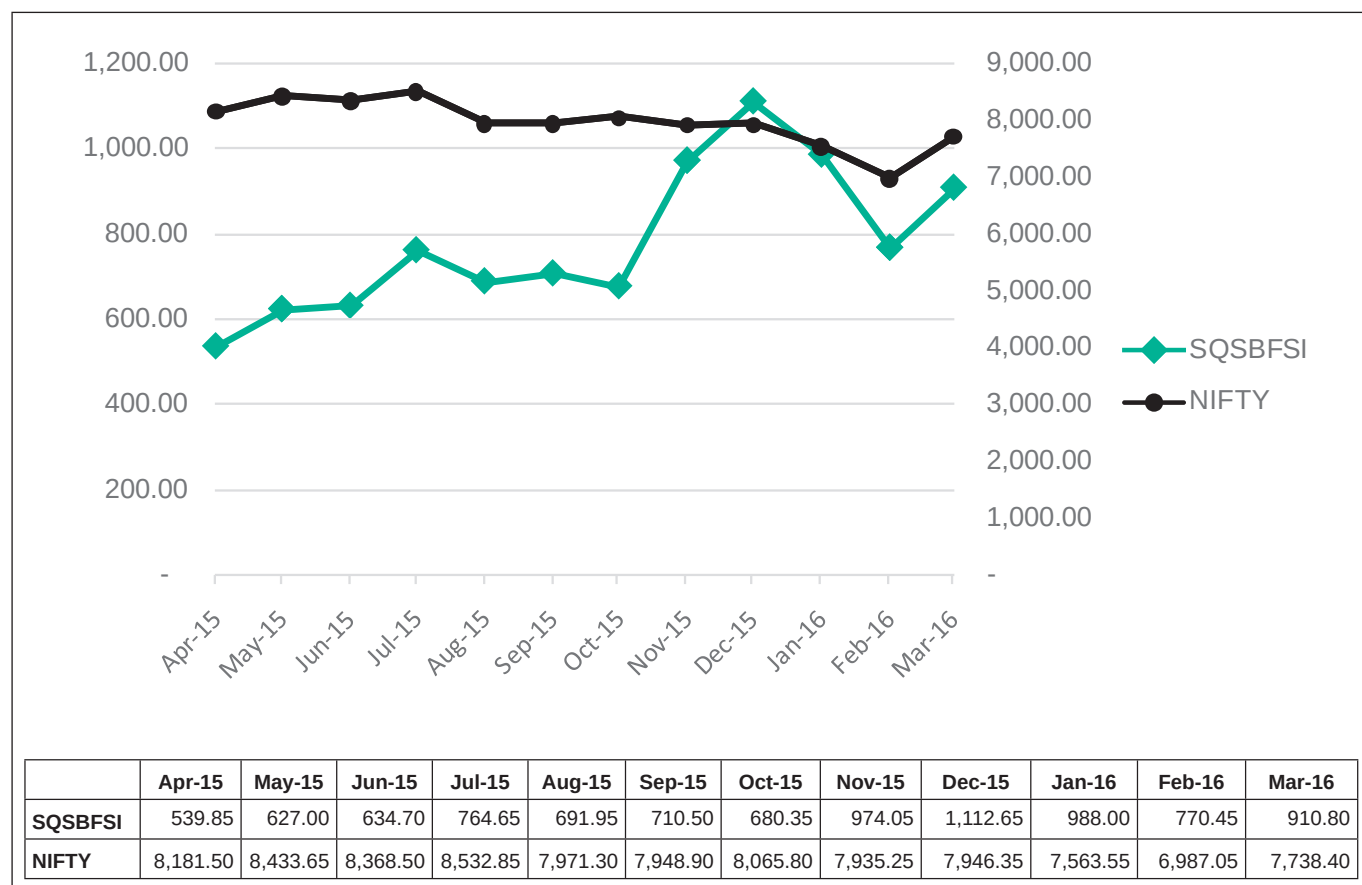
The closing market price of equity shares on March 31, 2016 (last trading day of the year) was Rs.910.80 on NSE and Rs.909 on BSE.

VII. Monthly share price movement during 2015-16 at NSE & BSE:

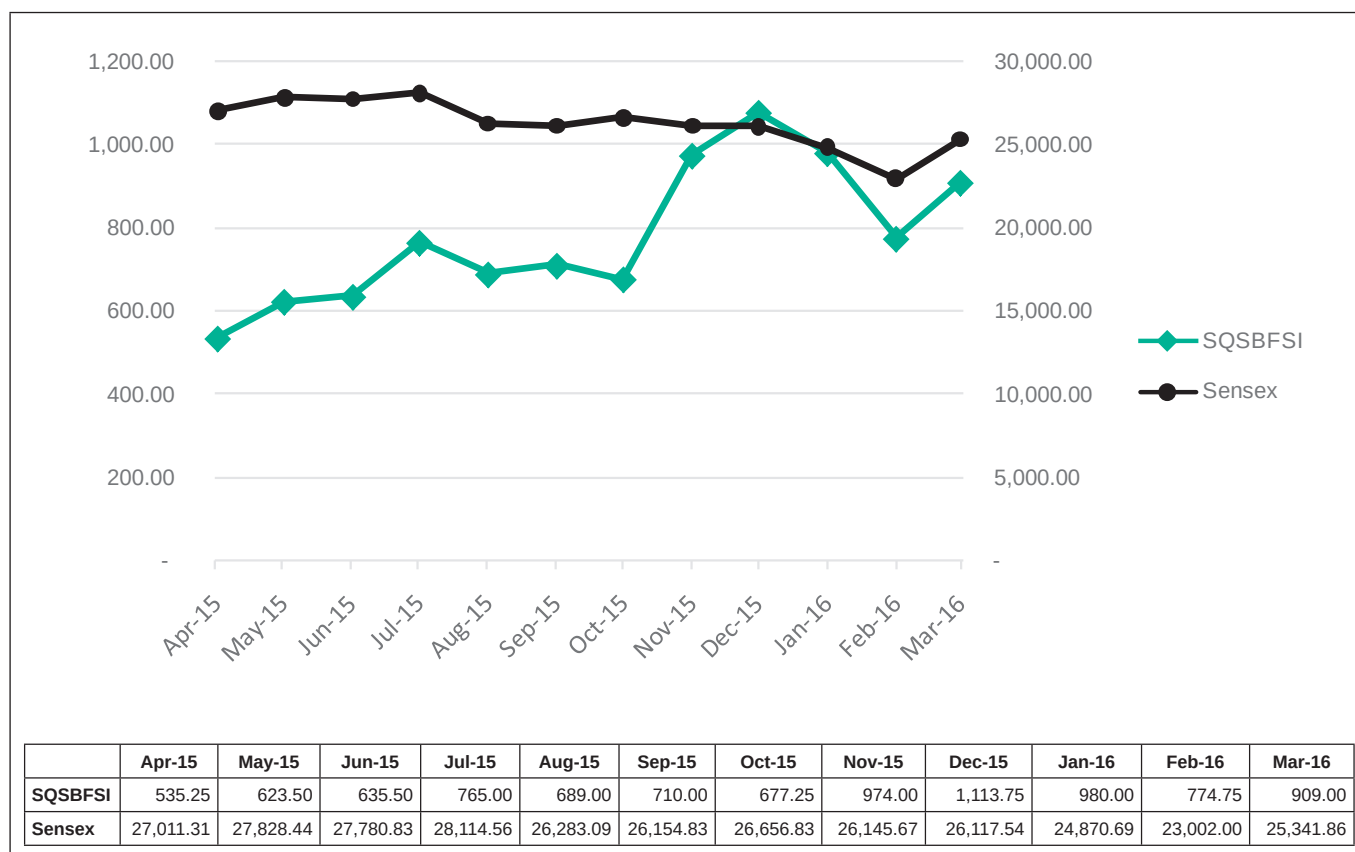
The monthly movement of equity share prices during the year at NSE and BSE are summarized herein below:

MONTH	NSE			BSE		
	HIGH	LOW	VOLUME	HIGH	LOW	VOLUME
April, 2015	682.55	517.00	571,595	679.00	518.00	212,577
May, 2015	648.00	518.00	180,270	646.00	520.25	65,867
June, 2015	700.00	576.00	494,393	750.00	587.25	183,527
July, 2015	788.00	629.50	568,080	789.00	630.00	176,572
August, 2015	843.30	640.00	381,737	842.00	637.00	114,518
September, 2015	745.00	646.40	129,587	733.00	647.00	57,179
October, 2015	737.40	650.00	117,977	770.00	656.00	36,864
November, 2015	988.80	675.20	641,797	985.00	680.00	187,978
December, 2015	1,149.75	931.00	451,346	1,151.00	929.00	136,198
January, 2016	1,291.00	905.00	698,511	1,290.00	910.00	193,616
February, 2016	1,006.90	734.55	422,421	1,004.50	737.00	82,408
March, 2016	960.00	766.80	221,736	960.25	777.00	37,999
TOTAL			4,879,450			1,460,416

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



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



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, 2016:

Category (Amount)	No. of Shareholders	% of Shareholders	No. of shares held	Amount (Rs.)	% of Amount
1-5000	9,814	91.65	656,687	6,566,870	6.17
5001- 10000	339	3.17	268,392	2,683,920	2.52
10001- 20000	208	1.94	316,933	3,169,330	2.98
20001- 30000	98	0.92	248,613	2,486,130	2.34
30001- 40000	62	0.58	221,736	2,217,360	2.08
40001- 50000	34	0.32	156,352	1,563,520	1.47
50001- 100000	81	0.76	583,926	5,839,260	5.49
100001& Above	72	0.67	8,186,110	81,861,100	76.95
Total	10708	100.00	10,638,749	106,387,490	100.00

Shareholding Pattern as on March 31, 2016:

S.No	Category	Number of Shares	% of holding
1	Promoters	5,753,801	54.08
2	Mutual Funds	294,502	2.77
3	Foreign Institutional Investors	135,324	1.27
4	Bodies Corporate	640,793	6.02
5	Non-Resident Indians	151,916	1.43
6	Public and Others	3,662,413	34.43
	Total	10,638,749	100.00

XII. Dematerialization of securities and liquidity:

As on March 31, 2016, 10,636,734 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. Foreign Exchange Risk and Hedging Activities:

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

XV. Locations:

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

XVI.Details of Unpaid Dividends:

The Company is required to transfer dividends which have remained unpaid / unclaimed for a period of seven years to the Investor Education & Protection Fund 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 last date for claiming unpaid dividend amount before transfer to IEPF account are as under:

Financial Year	Date of Declaration	Last date for claiming unpaid dividend
IPO Refund - 2009	15-Oct-09*	14-Oct-16
Interim Dividend - 2009-10	26-Mar-10	1-May-17
Final Dividend - 2010-11	29-Jul-11	3-Sep-18
Interim Dividend - 2011-12	3-Nov-11	9-Dec-18
Final Dividend - 2011-12	25-Jul-12	30-Aug-19
Interim Dividend - 2012-13	25-Oct-12	30-Nov-19
Final Dividend - 2012-13	25-Jul-13	30-Aug-20
Interim Dividend - 2013-14	17-Oct-13	22-Nov-20
Final Dividend - 2013-14	24-Jul-14	29-Aug-21
Interim Dividend - 2014-15	30-Oct-14	5-Dec-21
Final Dividend - 2014-15	23-Jul-15	28-Aug-22
Interim Dividend - 2015-16	5-Nov-15	11-Dec-22

*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.

XVII.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-600 096
Telephone: +91 44 4392 3200
Fax: +91 44 4392 3258
Website: www.sqs-bfsi.com e-mail: investor.sqsbfsi@sqs.com

12. Other Disclosures:

I. Materially Significant Related Party Transactions:

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

The material related party transactions with Promoters and its Subsidiaries (Fellow Subsidiaries) for the financial year 2015-16 are as below:

Name of the related party and Nature of relationship	Value of Transaction and % of transaction value with previous year consolidated Turnover	Nature, material terms and particulars of the arrangement	Other information
SQS Software Quality Systems AG & its Subsidiaries and Holding Company and Fellow Subsidiaries	INR 319.70 Mn. for FY ended March 31, 2016. The transaction has become material during Q4 of FY 2015-16; 14.93%	Rendering of Services. The Contract is effective from April 01, 2015 (and as amended from time to time) is for rendering of services.	The transactions is in the normal course of business and at arm's length basis, for rendering services. A transaction limit of upto INR 975 Mn per annum for rendering services has been approved by the Shareholders in the Annual General Meeting of the Company held on July 23, 2015.

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

III. Whistle Blower Policy:

Your Company has formulated and adopted a Whistle Blower policy. No employee 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 SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 as applicable. Compliance with non-mandatory requirements is disclosed at appropriate places.

V. Policy on Material Subsidiary:

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

VI. Policy on dealing with Related Party Transactions:

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

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, 2016 as stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and this certificate is issued in accordance with the requirements of Para E of Schedule V to the said regulation.

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

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

As required by the Guidance note issued by the Institute of Chartered Accountants of India, we have to state that based on the report given by the Registrar and Share Transfer Agents of the Company to Stakeholders Relationship Committee, as on March 31, 2016, there were no investor grievance matters against the Company remaining unattended / pending for more than 30 days.

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

For PKF Sridhar & Santhanam LLP

Chartered Accountants

Firm's Registration No.003990S/S200018

T V Balasubramanian

Partner

Membership No.027251

Place: Chennai

Date : April 28, 2016

CEO & CFO Certification

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

- A. We have reviewed financial statements and the cash flow statement for the year ended March 31, 2016 and that to the best of our knowledge and belief:
 - 1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - 2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year ended March 31, 2016 which are fraudulent, illegal or violative of the Company's Code of Conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit committee
 - 1. Significant changes in internal control over financial reporting during the year;
 - 2. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - 3. Instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place : Chennai

Date : April 28, 2016

Aarti Arvind

Managing Director & CEO

N Vaidyanathan

Executive Director & CFO

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

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

I confirm that the Company has in respect of the financial year ended March 31, 2016, 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, 2016.

Date : April 28, 2016

Aarti Arvind

Place: Chennai

Managing Director and CEO

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

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

For PKF Sridhar & Santhanam LLP

Chartered Accountants

Firm's Registration No.003990S/S200018

T V Balasubramanian

Partner

Membership No.027251

Place: Chennai

Date : April 28, 2016

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, 2016 the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164(2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure B.
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i) The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Please refer Note 28 to the standalone financial statements.
 - ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For PKF Sridhar & Santhanam LLP

Chartered Accountants

Firm's Registration No.003990S/S200018

T V Balasubramanian

Partner

Membership No.027251

Place: Chennai

Date : April 28, 2016

Annexure A

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

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

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

(c) The title deeds of immovable properties are held in the name of the Company.
2. The Company does not have inventory and hence, clause (ii) is not applicable.
3. According to information and explanation given to us, the Company has not granted any loans to parties covered under Section 189 register and hence clause (iii) is not applicable.
4. Based on our audit procedures & according to the information and explanation given to us, in respect of loans, investments, guarantees and security (if any), provisions of Section 185 and 186 of the Act (where applicable) have been complied with.
5. Based on our audit procedures & according to the information and explanation given to us, the Company has not accepted any deposits from the public within the meaning of the Act and the rules made there under and hence clause (v) is not applicable.
6. The Company is not required to maintain cost records prescribed by the Central Government under sub-section (1) of Section 148 of the Act.
7. (a) According to the information and explanations given to us and the records of the Company examined by us, the Company has generally been regular in depositing undisputed statutory dues including income-tax, service tax, cess and any other statutory dues applicable to it with the appropriate authorities. According to the information and explanation given to us and the records of the Company examined by us, no undisputed amounts payable in respect of income-tax, service tax, cess and any other statutory dues were in arrears, as at March 31, 2016 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	Customs, Excise and Service Tax Appellate Tribunal (South Zone bench)
Income tax	FY 2007, FY 2009, FY 2012 & FY 2013	596	CIT Appeals

8. The Company has not taken any loans from banks or financial institutions and hence clause (viii) is not applicable.
9. The Company has not raised moneys from the public during the year and hence clause (ix) is not applicable.

10. To the best of our knowledge and belief and according to the information and explanations given to us, we report that no fraud on or by the Company, by its officers or employees has been noticed or reported during the year.
11. Based on our audit procedures and as per the information and explanations given to us, Managerial remuneration paid or provided during the year is in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
12. The Company is not a Nidhi Company in accordance with Nidhi Rules, 2014. Accordingly, the provisions of clause (xii) of the Order are not applicable.
13. Based on the audit procedures performed and according to information and explanations given to us, all the transactions with the related parties are in compliance with Section 177 and Section 188 of the Act where applicable and the details have been disclosed in the financial statements as required by the applicable accounting standards.
14. Based on the audit procedures performed and information and explanation given to us, we report that the Company has not made any preferential allotments of shares during the year.
15. Based on the audit procedures performed and information and explanation given to us, the Company has not entered into any non-cash transactions with the directors or persons connected with them.
16. Based on our audit procedures and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of Reserve Bank of India Act, 1934.

For PKF Sridhar & Santhanam LLP

Chartered Accountants

Firm's Registration No.003990S/S200018

T V Balasubramanian

Partner

Membership No.027251

Place : Chennai

Date : April 28, 2016

ANNEXURE B

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

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

We have audited the internal financial controls over financial reporting of SQS India BFSI Limited (“the Company”) as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditor’s Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For PKF Sridhar & Santhanam LLP

Chartered Accountants

Firm's Registration No.003990S/S200018

T V Balasubramanian

Partner

Membership No.027251

Place : Chennai

Date : April 28, 2016

Standalone Balance Sheet as at March 31, 2016

Particulars	Note	March 31, 2016 Rs.	March 31, 2015 Rs.
EQUITY and LIABILITIES			
Shareholder's Funds			
Share capital	3	106,387,490	105,452,990
Reserves and Surplus	4	764,147,394	743,103,569
		870,534,884	848,556,559
Share application money pending allotment		2,362,160	1,777,850
Non-Current liabilities			
Long term Borrowings	5	-	73,252,328
Current Liabilities			
Trade payables	6	21,858,680	15,448,493
Other current liabilities	7	318,313,388	202,188,168
Short-term provisions	8	353,799,493	297,975,094
		693,971,561	515,611,755
TOTAL		1,566,868,605	1,439,198,492
ASSETS			
Non-Current assets			
Fixed assets			
Tangible assets	9	225,410,541	236,178,909
Intangible assets	10	22,368,468	6,658,039
Intangible Assets under Development		-	14,035,982
		247,779,009	256,872,930
Non current Investments	11	42,862,197	42,862,197
Deferred tax asset (Net)	12	6,089,810	6,519,810
Long term loans and advances	13	4,199,429	3,082,310
Other Non-current assets	14	4,516,867	4,153,918
		57,668,303	56,618,235
Current Assets			
Trade receivables	15	347,602,998	549,811,641
Cash and bank balances	16	545,401,904	484,913,356
Short term loans and advances	13	353,179,033	71,222,435
Other current assets	14	15,237,358	19,759,895
		1,261,421,293	1,125,707,327
TOTAL		1,566,868,605	1,439,198,492

Summary of significant accounting policies

The accompanying notes are an integral part of this Balance Sheet
As per our report of even date

PKF Sridhar & Santhanam LLP

Chartered Accountants

Firm's Regn. No.003990S/S200018

For and on behalf of the Board of Directors

T V Balasubramanian

Partner

Membership No. : 027251

David Bellin

Chairman & Director

Aarti Arvind

Managing Director

N Vaidyanathan

Executive Director & CFO

S Sampath Kumar

Company Secretary

Place : Chennai

Date : April 28, 2016

Place : Chennai

Date : April 28, 2016

Standalone Statement of Profit and Loss for the year ended March 31, 2016

Particulars	Note	March 31, 2016 Rs.	March 31, 2015 Rs.
Revenue from Operations	17	2,641,617,362	2,141,554,154
Other income	18	50,924,243	17,057,213
Total Revenue		2,692,541,605	2,158,611,367
Employee benefits expense	19	1,060,831,858	811,853,628
Depreciation and amortization expense	20	40,296,609	51,586,212
General, administrative and other expenses	21	1,090,284,050	997,862,829
Finance cost	22	2,415,069	16,024,186
Total Expenses		2,193,827,586	1,877,326,855
Profit before exceptional and extraordinary items and tax		498,714,019	281,284,512
Exceptional items		-	-
Profit before extraordinary items and tax		498,714,019	281,284,512
Extraordinary items		-	-
Profit before tax		498,714,019	281,284,512
Tax expense:			
Current Tax			
Current year		179,638,109	97,213,669
Deferred Tax (Credit)		430,000	(765,950)
Profit for the year		318,645,910	184,836,793
Earnings per Equity share (Par value of Rs.10 each)	23		
Basic		30.09	17.81
Diluted		29.90	17.56

Summary of significant accounting policies

2

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

As per our report of even date

PKF Sridhar & Santhanam LLP

For and on behalf of the Board of Directors

Chartered Accountants

Firm's Regn. No.003990S/S200018

T V Balasubramanian

Partner

Membership No. : 027251

David Bellin

Chairman & Director

Aarti Arvind

Managing Director

N Vaidyanathan

Executive Director & CFO

S Sampath Kumar

Company Secretary

Place : Chennai

Date : April 28, 2016

Place : Chennai

Date : April 28, 2016

Standalone Statement of Cash flow for the year ended March 31, 2016

Particulars	March 31, 2016 Rs.	March 31, 2015 Rs.
Cash flow from operating activities		
Net profit/(loss) before taxation	498,714,019	281,284,512
Adjustments for:		
Depreciation/amortization	40,296,609	51,586,212
Loss/(profit) on sale of fixed assets	(477,539)	(1,231,642)
Unrealized forex exchange loss/(gain), net	(1,373,040)	31,979,782
Interest income	(7,100,678)	(15,824,460)
Interest expense	944,407	14,606,511
Provision for bad and doubtful debts	3,488,958	-
Operating profit before working capital changes	534,492,736	362,400,915
(Increase)/Decrease in Trade Receivables	191,436,489	(18,226,508)
(Increase)/Decrease in loans and advances and other current assets	(278,144,021)	(11,647,395)
Increase/(Decrease) in Trade payable, current liabilities & provisions	148,005,432	39,971,654
Cash generated from operations	595,790,636	372,498,666
Direct taxes paid (net of refunds)	(129,709,955)	(94,926,822)
Net cash from/(used in) operating activities	466,080,681	277,571,844
Cash flow from investing activities		
Purchase of fixed assets	(31,228,550)	(28,009,934)
Proceeds from sale of fixed assets	503,400	1,261,000
Interest received	9,264,732	18,352,649
Fixed deposits matured/(invested) during the year	126,370,918	(20,569,018)
Net cash from/(used in) investing activities	104,910,500	(28,965,303)
Cash flow from financing activities		
Proceeds from Issue of Shares/Share Application money	11,303,026	23,525,830
Repayment of Borrowings	(96,328,328)	(23,076,924)
Interest paid	(944,407)	(14,606,511)
Dividends paid	(253,730,136)	(82,790,968)
Tax on dividend paid	(51,653,487)	(15,533,999)
Net cash from/(used in) financing activities	(391,353,332)	(112,482,572)
Net increase in cash and cash equivalents	179,637,849	136,123,969
Cash and cash equivalents at the beginning of the year	356,372,645	253,667,973
Effect of changes in exchange rate on cash and cash equivalents	6,476,759	(33,419,296)
Cash and cash equivalents at the end of the year (Ref Note 16)	542,487,253	356,372,645

Summary of significant accounting policies (Note 2)

As per our report of even date

PKF Sridhar & Santhanam LLP

Chartered Accountants

Firm's Regn. No.003990S/S200018

For and on behalf of the Board of Directors

T V Balasubramanian

Partner

Membership No. : 027251

David Bellin

Chairman & Director

Aarti Arvind

Managing Director

N Vaidyanathan

Executive Director & CFO

S Sampath Kumar

Company Secretary

Place : Chennai

Date : April 28, 2016

Place : Chennai

Date : April 28, 2016

Notes to Standalone Financial Statements for the year ended March 31, 2016

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.

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

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

ii Basis of preparation of financial statements:

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

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

Note 2: Summary of significant accounting policies:

i Use of estimates:

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

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

Notes to Standalone Financial Statements for the year ended March 31, 2016

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:

- Revenue from software validation and allied services comprises revenue from time and material contracts and fixed price contracts.
- 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.
- 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.
- Revenue is net off discounts, if any as per the terms of contract.

Notes to Standalone Financial Statements for the year ended March 31, 2016

Interest income:

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

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 and 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 in previous financial statements, are

Notes to Standalone Financial Statements for the year ended March 31, 2016

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, 2016

Note 3: Share capital

Particulars	March 31, 2016 Rs.	March 31, 2015 Rs.
Authorized		
12,000,000 equity shares (31-Mar-2015 12,000,000) of Rs.10 each	120,000,000	120,000,000
Issued, subscribed and fully paid up		
10,638,749 equity shares (31-Mar-2015 10,545,299) of Rs.10 each	106,387,490	105,452,990

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

Equity shares

Particulars	March 31, 2016		March 31, 2015	
	Number	Rs.	Number	Rs.
At the beginning of the year	10,545,299	105,452,990	10,267,681	102,676,810
Issued during the year	93,450	934,500	277,618	2,776,180
Outstanding at the end of the year	10,638,749	106,387,490	10,545,299	105,452,990

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, 2016		March 31, 2015	
	Number	% Holding	Number	% Holding
SQS Software Quality Systems AG, Germany - Holding Company	5,753,801	54.08%	5,753,801	54.56%

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 2015-16, the Board of Directors have recommended final dividend of Rs.20 per share (in addition to interim dividend of Rs 4 per share already distributed), which is subject to the approval of the shareholders. During the previous year 2014-15, the Company had declared final dividend of Rs.20 per share (in addition to interim dividend of Rs.4 per share).

g. Share application money of Rs.2,362,160 (PY Rs.1,777,850) (Share capital of Rs.230,000 (PY Rs.155,000) and share premium of Rs.2,132,160 (PY Rs.1,622,850)) represents funds received from employees towards 23,000 (PY 15,500) options exercised during the period for which shares are yet to be allotted. Pending board approval and statutory filings, this amount is disclosed as share application money pending allotment.

Notes to Standalone Financial Statements for the year ended March 31, 2016

Note 4: Reserves and surplus

Particulars		March 31, 2016 Rs.	March 31, 2015 Rs.
Securities premium account			
Balance at the beginning of the year		176,215,150	157,243,350
Add: Additions during the year		9,784,215	18,971,800
Balance at the end of the year	A	185,999,365	176,215,150
General Reserve			
Balance at the beginning of the year		99,491,695	81,007,695
Add: Additions during the year		31,900,000	18,484,000
Balance at the end of the year	B	131,391,695	99,491,695
Surplus/(Deficit) in the statement of profit and Loss			
Balance as per last financial statements		467,396,724	605,389,238
Profit for the year		318,645,910	184,836,793
Less: Appropriations			
Interim dividend paid on equity shares		(42,494,156)	(41,567,620)
Proposed final equity dividend *		(213,104,980)	(211,058,604)
Tax on Interim equity dividend		(8,650,812)	(8,510,841)
Tax on proposed final equity dividend **		(43,136,352)	(43,208,242)
Transfer to general reserve		(31,900,000)	(18,484,000)
Total appropriations		(339,286,300)	(322,829,307)
Net surplus in statement of Profit and Loss	C	446,756,334	467,396,724
Total	(A+B+C)	764,147,394	743,103,569

*includes Rs.330,000 (PY Rs.152,624) pertaining to previous year

** Net off reversal of excess provision Rs.179,629 (PY Rs.25,938) pertaining to previous year

Note 5: Long term borrowings - Secured

Particulars	March 31, 2016 Rs.	March 31, 2015 Rs.
Term Loan from Bank	-	96,328,328
(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)
Total	-	73,252,328

Notes to Standalone Financial Statements for the year ended March 31, 2016

- a. The above term loan has been preclosed in full during the current year. Interest rate on this term loan ranged from 12.00% to 13.75%.
- b. 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.

Note 6: Trade payables

Particulars	March 31, 2016 Rs.	March 31, 2015 Rs.
Due to Micro and small enterprises *	-	2,497
Due to others	21,858,680	15,445,996
Total	21,858,680	15,448,493

* Refer Note 34

Note 7: Other current liabilities

Particulars	March 31, 2016 Rs.	March 31, 2015 Rs.
Dues to subsidiaries	58,290,800	44,340,872
Unearned Revenue	30,691,136	2,135,547
Employee benefits payable	92,870,918	54,929,447
Liabilities for other expenses	96,417,788	44,001,591
Unpaid application money due for refund	72,000	72,000
Unpaid dividend*	2,842,651	2,097,793
Statutory liabilities	37,128,095	31,534,918
Current maturities of long term borrowings (Refer note 5)	-	23,076,000
Total	318,313,388	202,188,168

* 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, 2016 Rs.	March 31, 2015 Rs.
Provision for Employee Benefits:		
for Leave salary	12,600,000	10,100,000
for Gratuity	2,955,206	1,561,638
Proposed equity dividend	212,774,980	210,905,980
Provision for tax on proposed equity dividend	43,315,981	43,182,304
Provision for taxation (Net of prepaid taxes)	82,153,326	32,225,172
Total	353,799,493	297,975,094

Notes to Standalone Financial Statements for the year ended March 31, 2016

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 Apr 1, 2014	9,504,000	232,246,899	37,970,916	91,041,968	16,716,014	12,095,958	5,495,300	597,190	405,668,247
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 Mar 31, 2015	9,504,000	232,246,899	38,220,389	98,431,367	16,716,014	13,736,423	4,170,064	597,190	413,622,346
Additions	-	-	510,589	20,733,767	1,182,946	2,196,195	88,234	-	24,711,731
Disposals	-	-	-	(343,690)	-	(28,547)	(1,623,483)	-	(1,995,720)
At Mar 31, 2016	9,504,000	232,246,899	38,730,978	118,821,444	17,898,960	15,904,071	2,634,815	597,190	436,338,356

	Leasehold rights & Improvement	Building	Plant and equipment	Computer equipment	Furniture and fittings	Office equipment	Vehicles	Temporary partitions	Total
Depreciation									
At Apr 1, 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 Mar 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
Additions	950,400	11,612,105	5,377,220	13,090,588	1,970,624	2,078,637	374,663	-	35,454,237
Disposals	-	-	-	(317,829)	-	(28,547)	(1,623,483)	-	(1,969,859)
At Mar 31, 2016	7,138,560	42,041,894	38,312,743	90,565,606	16,884,850	13,632,801	1,754,171	597,190	210,927,815

Net Block									
At Mar 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
At Mar 31, 2016	2,365,440	190,205,005	418,235	28,255,837	1,014,110	2,271,270	880,644	-	225,410,541

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

	Gross Block	Amortization	Net Block
At Apr 1, 2014	65,762,430	49,393,412	-
Additions	2,360,701	12,071,680	-
Disposals	-	-	-
At Mar 31, 2015	68,123,131	61,465,092	6,658,039
Additions	20,552,801	4,842,372	-
Disposals	-	-	-
At Mar 31, 2016	88,675,932	66,307,464	22,368,468

Notes to Standalone Financial Statements for the year ended March 31, 2016

Note 11: Non Current Investments

Particulars	March 31, 2016 Rs.	March 31, 2015 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
350,000 equity shares (Previous year - 350,000 equity shares) of GBP 1/- each in SQS BFSI UK Ltd., UK	24,168,000	24,168,000
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, 2016 Rs.	March 31, 2015 Rs.
Opening balance	6,519,810	5,753,860
Deferred tax credit (provision) for the year	(430,000)	765,950
Closing balance	6,089,810	6,519,810
Break up of closing balance		
on account of timing difference in claiming depreciation allowance	3,859,383	5,989,009
on account of timing difference in claiming provision for gratuity	1,022,737	530,801
on account of timing difference in claiming provision for bad and doubtful debts	1,207,690	-
Total	6,089,810	6,519,810

Note 13: Loans and advances (Unsecured considered good)

Particulars	Non-Current		Current	
	March 31, 2016 Rs.	March 31, 2015 Rs.	March 31, 2016 Rs.	March 31, 2015 Rs.
Security deposit	4,199,429	3,082,310	21,461,281	13,050,140
Trade and Staff advances #	-	-	14,510,900	5,831,380
Other Advances				
Due from subsidiaries *	-	-	270,853,856	827,378
Prepaid expenses	-	-	11,923,413	16,759,785
MAT credit entitlement	-	-	16,869,630	16,869,630
Income tax refund due / deposits	-	-	5,339,067	5,339,067
Input tax credit	-	-	12,220,886	12,545,055
	-	-	317,206,852	52,340,915
Total	4,199,429	3,082,310	353,179,033	71,222,435

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

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

Notes to Standalone Financial Statements for the year ended March 31, 2016

Note 14: Other assets (Unsecured, considered good)

Particulars		Non-Current		Current	
		March 31, 2016 Rs.	March 31, 2015 Rs.	March 31, 2016 Rs.	March 31, 2015 Rs.
Non-current bank balances (Note 16)		4,516,867	4,153,918	-	-
	(A)	4,516,867	4,153,918	-	-
Unbilled revenue		-	-	14,623,147	16,981,619
	(B)	-	-	14,623,147	16,981,619
Others					
Interest accrued on fixed deposits		-	-	614,211	2,778,276
	(C)	-	-	614,211	2,778,276
Total	(A+B+C)	4,516,867	4,153,918	15,237,358	19,759,895

Note 15: Trade receivables (Unsecured)

Particulars		Non-Current		Current	
		March 31, 2016 Rs.	March 31, 2015 Rs.	March 31, 2016 Rs.	March 31, 2015 Rs.
Outstanding for a period exceeding six months from the date they are due for payment					
Considered good		-	-	232,880	10,628,358
Considered doubtful		-	-	3,488,958	-
		-	-	3,721,838	10,628,358
Provision for doubtful receivables		-	-	(3,488,958)	-
	(A)	-	-	232,880	10,628,358
Others					
Considered good		-	-	347,370,118	539,183,283
	(B)	-	-	347,370,118	539,183,283
Total	(A+B)	-	-	347,602,998	549,811,641

Notes to Standalone Financial Statements for the year ended March 31, 2016

Note 16: Cash and Bank balances

Particulars	Non-Current		Current	
	March 31, 2016 Rs.	March 31, 2015 Rs.	March 31, 2016 Rs.	March 31, 2015 Rs.
Cash and cash equivalents				
Balance with bank in current accounts	-	-	512,466,128	301,340,834
Deposits with original maturity of less than three months	-	-	30,000,000	55,000,000
Cash in hand	-	-	21,125	31,811
	-	-	542,487,253	356,372,645
Other bank balances				
Deposits with original maturity for more than 3 months	-	-	-	126,370,918
Margin money deposits*	4,516,867	4,153,918	-	-
Unpaid application money due for refund	-	-	72,000	72,000
Unpaid dividend account	-	-	2,842,651	2,097,793
	4,516,867	4,153,918	2,914,651	128,540,711
Amount disclosed under non-current Other assets (Note 14)	(4,516,867)	(4,153,918)	-	-
Total	-	-	545,401,904	484,913,356

* Margin money deposits given as performance/financial security

Note 17: Revenue from operations

Particulars	March 31, 2016 Rs.	March 31, 2015 Rs.
Software Services	2,641,617,362	2,141,554,154

Note 18: Other income

Particulars	March 31, 2016 Rs.	March 31, 2015 Rs.
Interest income on bank deposits	7,100,678	15,824,460
Profit on sale of fixed assets	477,539	1,231,642
Net foreign exchange gain	43,346,026	-
Miscellaneous income	-	1,111
Total	50,924,243	17,057,213

Note 19: Employee benefits expense

Particulars	March 31, 2016 Rs.	March 31, 2015 Rs.
Salaries, wages and Bonus	986,814,976	742,745,954
Contribution to provident and other funds	47,948,543	42,773,468
Gratuity expense	9,583,129	12,350,277
Staff welfare expense	16,485,210	13,983,929
Total	1,060,831,858	811,853,628

Notes to Standalone Financial Statements for the year ended March 31, 2016

Note 20: Depreciation and amortization expense

Particulars	March 31, 2016 Rs.	March 31, 2015 Rs.
Depreciation on tangible assets	35,454,237	39,514,532
Amortization of intangible assets	4,842,372	12,071,680
Total	40,296,609	51,586,212

Note 21: General, administrative and other expenses

Particulars	March 31, 2016 Rs.	March 31, 2015 Rs.
Travel and conveyance	159,738,780	116,993,500
Rent	16,620,041	13,914,162
Professional fees	29,416,293	31,106,025
Marketing and selling expenses	1,437,058	822,341
Onsite service expenses	749,638,291	693,983,761
Software expenses	28,358,206	24,752,336
Power and fuel	15,710,759	17,034,029
Repairs & Maintenance		
- Buildings	14,662,196	12,306,929
- Plant and machinery	1,091,462	2,623,394
- Others	7,146,394	3,363,320
Communication expenses	15,027,761	10,309,559
Exchange Loss	-	37,280,981
Sales commission	283,903	125,584
Training and recruitment	8,281,563	5,068,294
Insurance	7,340,825	7,826,242
Audit fees *	1,809,000	2,148,000
Directors sitting fees	1,162,302	1,192,598
Rates and taxes	19,221,620	8,488,238
Corp. Social Responsibility Expense	5,576,843	4,706,725
Provision for Doubtful Debts	3,488,958	-
Miscellaneous expenses	4,271,795	3,816,811
Total	1,090,284,050	997,862,829

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

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

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

Taxation services Rs.385,000 (PY Rs.750,000)

Certification Rs.74,000 (PY Rs.48,000)

Notes to Standalone Financial Statements for the year ended March 31, 2016

Note 22: Finance cost

Particulars	March 31, 2016 Rs.	March 31, 2015 Rs.
Interest	944,407	14,606,511
Bank charges	1,470,662	1,417,675
Total	2,415,069	16,024,186

Note 23: Earnings per share

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

Particulars	March 31, 2016 Rs.	March 31, 2015 Rs.
Profit for computation of basic EPS	318,645,910	184,836,793
Add/ (Less) adjustment	-	-
Profit for computation of Diluted EPS	318,645,910	184,836,793
	Number	Number
Number of Shares at the Beginning of the year	10,545,299	10,267,681
Add: Weighted average of shares issued during the year	43,134	110,973
Total weighted average number of equity shares for calculating basic EPS	10,588,433	10,378,654
Effect of Dilutive stock option	68,404	147,300
Weighted average number of equity shares for calculating diluted EPS	10,656,837	10,525,954
Earnings per share - Basic (in Rs.)	30.09	17.81
Earnings per share - Diluted (in Rs.)	29.90	17.56

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	10,100,000	11,207,368
Leave salary cost accounted for the year (Net)	2,500,000	(1,107,368)
Total liability as at year end	12,600,000	10,100,000

ii Defined contribution plan - Provident fund & Social Security Schemes

Particulars	Current year Rs.	Previous year Rs.
Employers contribution accounted for the year	44,309,082	39,478,720

Notes to Standalone Financial Statements for the year ended March 31, 2016

iii: Defined Benefit Plan - Gratuity

Particulars	Current year Rs.	Previous year Rs.
Change in Benefit obligation		
Liability at the beginning of the year	55,753,674	44,954,647
Interest cost	4,235,193	3,858,399
Current service cost	8,519,197	7,399,415
Past service cost (Vested benefit)	-	-
Past service cost (Non Vested benefit)	-	-
Benefit paid	(2,912,651)	(4,167,099)
Actuarial (Gain)/Loss on obligations	1,072,137	3,708,312
Liability at the end of the year	66,667,550	55,753,674
Fair value of Plan Assets		
Fair value of plan assets at the beginning of the year	54,192,036	44,117,281
Expected return on plan assets	4,830,592	4,066,973
Contributions	8,189,561	11,626,005
Benefit paid	(2,912,651)	(4,167,099)
Actuarial Gain/(Loss) on plan assets	(587,194)	(1,451,123)
Fair value of plan assets at the end of the year	63,712,344	54,192,036
Actual return on Plan Assets		
Expected return on plan assets	4,830,592	4,066,972
Actuarial Gain/(Loss) on plan assets	(587,194)	(1,451,123)
Actual return on Plan Assets	4,243,398	2,615,849
Amount recognized in the Balance Sheet		
Present value of the obligation	66,667,550	55,753,674
Fair value of plan assets	63,712,344	54,192,036
Difference (Funded status)	2,955,206	1,561,638
Expected return on plan assets and actuarial gains thereon not recognized pending confirmation from LIC	-	-
Amount recognized in the Balance Sheet	2,955,206	1,561,638
Expenses recognized in the income statement		
Current service cost	8,519,197	7,399,415
Interest cost	4,235,193	3,858,399
Expected return on plan assets	(4,830,592)	(4,066,973)
Net Actuarial (Gain)/Loss to be recognized	1,659,331	5,159,436
Transitional Liability recognized	-	-
Past service cost - non Vested benefits	-	-
Past service cost - vested benefits	-	-
Expense recognized in P&L	9,583,129	12,350,277
Balance Sheet reconciliation		
Opening net liability as per Books	1,561,638	837,366

Notes to Standalone Financial Statements for the year ended March 31, 2016

iii Defined Benefit Plan - Gratuity (Contd.,)

Particulars	Current year Rs.	Previous year Rs.
Transitional liability adjusted to opening reserves and deferred taxes	-	-
Expense as above	9,583,129	12,350,277
Expected return on plan assets and actuarial gains thereon not recognized pending confirmation from LIC	-	-
Contribution paid	(8,189,561)	(11,626,005)
Amount recognized in the Balance Sheet	2,955,206	1,561,638
Actuarial assumptions		
Discount rate - Current	7.70%	7.80%
Expected rate of return on plan assets	8.00%	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

in Rs.

Particulars	2015-16	2014-15	2013-14	2012-13
Defined benefit obligation	66,667,550	55,753,674	44,954,647	30,956,486
Plan assets	63,712,344	54,192,036	44,117,281	27,601,883
Surplus/(Deficit)	(2,955,206)	(1,561,638)	(837,366)	(3,354,603)
Exp. adj. on plan liabilities	(594,906)	800,213	1,009,942	(122,951)
Exp. adj. on assets	(587,194)	(1,451,123)	(1,278,908)	(1,685,924)

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

Note 25: Employee stock option plans

The Company provides share based payment schemes to its employees. During the year ended March 31, 2016 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:

Notes to Standalone Financial Statements for the year ended March 31, 2016

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, 2016		March 31, 2015	
	No. of options	WAEP (Rs.)	No. of options	WAEP (Rs.)
Outstanding at the beginning of the year	177,082	113.14	508,700	92.51
Granted during the year	-	-	-	-
Forfeited during the year	9,000	114.70	54,000	97.67
Exercised during the year	93,450	114.70	277,618	78.34
Outstanding at the end of the year	74,632	111.00	177,082	113.14
Exercisable at the end of the year	74,632	111.00	80,182	111.26

The weighted average remaining contractual life for the stock options outstanding as at March 31, 2016 is 3.76 Years (March 31, 2015: 4.95 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, 2015 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, 2015: NIL). The black scholes valuation model has been used for computing weighted average fair value considering the following inputs:

Particulars	March 31, 2016	March 31, 2015
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, 2016

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, 2016 Rs.	March 31, 2015 Rs.
Profit after tax as reported	318,645,910	184,836,793
Add: ESOP cost using intrinsic value method	NIL	NIL
Less: ESOP cost using fair value method	1,067,203	2,141,888
Proforma profit after tax	317,578,707	182,694,905
Earnings per share		
Basic		
As reported	30.09	17.81
Proforma	29.99	17.60
Diluted		
As reported	29.90	17.56
Proforma	29.80	17.36

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, 2016 Rs.	March 31, 2015 Rs.
Within one year	25,416,927	10,216,371
After one year but not more than five years	46,888,840	25,878,952
More than five years	-	-
Total	72,305,767	36,095,323
Lease payments recognized in the Statement of Profit and Loss account	16,620,041	13,914,162

Note 27: Segment reporting

Particulars	March 31, 2016 Rs.	March 31, 2015 Rs.
Sales revenue by geographical market		
Within India	192,002,831	134,621,698
Outside India	2,449,614,531	2,006,932,456
Total	2,641,617,362	2,141,554,154

Notes to Standalone Financial Statements for the year ended March 31, 2016

Note 28: Commitments and contingencies

Particulars	March 31, 2016 Rs.	March 31, 2015 Rs.
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advance)	38,930,873	Nil
Service tax related matters	7,218,676	7,218,676
Income tax related matters	59,612,513	57,202,781
Counter guarantees issued to the bank for the bank guarantee obtained	10,815,670	10,645,670

The Service Tax Authorities had made a demand for Rs 3,609,338 along with interest and penalty for an equivalent amount, towards tax leviable for certain services rendered by the Company during the period July 2003 to 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.59,612,513 for the fiscal year 2006-07, 2008-09, 2011-12 and 2012-13. The tax demand is mainly on account of disallowance of a portion of the deduction claimed by the Company under Section 10A and 10AA of the Income Tax Act. The matter for fiscal year 2006-07 has been referred back by CIT(Appeals) to DCIT to pass a fresh order. For Fiscal year 2008-09, 2011-12 and 2012-13 the Company is in the process of filing an appeal before CIT (Appeals). Management believes that its position will likely be upheld in the CIT (Appeals) process.

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 2015-16

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

Aarti Arvind Managing Director (w.e.f 1st April, 2016)

N Vaidyanathan Executive Director (w.e.f 1st April, 2016)

For Financial Year 2014-15

Dr. Martin Müller Managing Director

iv) Fellow Subsidiaries

SQS India Infosystems Private Limited, India

SQS Software Quality Systems Egypt S.A.E, Egypt

SQS Software Quality Systems Ges.mbH, Austria

SQS Group Limited, UK

SQS Software Quality Systems (Ireland) Limited, Ireland

SQS Software Quality Systems (Schweiz) AG, Zurich, Switzerland

SQS USA Inc., USA

SQS Nederland BV, Netherland

SQS Software Quality Sytems France SASU, France

Notes to Standalone Financial Statements for the year ended March 31, 2016

b. Transactions with Related Parties

Particulars	Nature of relationship	Name of the related Party	March 31, 2016 Rs.	March 31, 2015 Rs.
Income				
INCOME FROM THE SERVICE RENDERED	Subsidiary	SQS BFSI Inc, USA	323,073,190	405,891
	Subsidiary	SQS BFSI Pte.Ltd., Singapore	86,576,031	38,126,075
	Subsidiary	SQS BFSI UK Ltd., UK	499,199,454	60,996,882
	Holding Company	SQS Software Quality Systems AG, Germany	244,411	-
	Fellow Subsidiaries	SQS Software Quality Systems (Schweiz) AG, Zurich, Switzerland	41,428,501	14,880,987
	Fellow Subsidiaries	SQS Software Quality Systems Ges.mmbH, Austria	30,464,941	4,013,491
	Fellow Subsidiaries	SQS USA Inc., USA	3,154,383	25,839,973
	Fellow Subsidiaries	SQS Group Limited, UK	23,691,559	12,247,174
	Fellow Subsidiaries	SQS software Quality Systems (Ireland) Limited, Ireland	14,302,124	878,974
	Fellow Subsidiaries	SQS India Infosystems Private Limited, India	4,853,376	122,500
	Fellow Subsidiaries	SQS Software Quality Systems Egypt S.A.E, Egypt	5,232,851	-
Expenses				
Managerial remuneration	KMP	Dr. Martin Müller #	26,033,037	21,020,037
Expenses for services rendered	Subsidiary	SQS BFSI Pte.Ltd., Singapore	84,953,559	78,013,688
	Subsidiary	SQS BFSI Inc, USA	273,726,042	256,707,730
	Subsidiary	SQS BFSI UK Ltd., UK	180,100,703	181,300,361
	Subsidiary	SQS BFSI FZE., UAE	210,741,914	177,961,982
	Fellow Subsidiaries	SQS india infosystems Pvt Ltd, India	3,020,383	-
	Fellow Subsidiaries	SQS Software Quality Sytems France SASU, France	5,700,304	-
	Holding Company	SQS Software Quality Systems AG, Germany	27,318,785	-
	Fellow Subsidiaries	SQS Group Ltd, UK	197,104	-
OTHER TRANSACTIONS				
Proposed final dividend	Holding Company	SQS Software Quality Systems AG, Germany	115,076,020	115,076,020
Interim dividend	Holding Company	SQS Software Quality Systems AG, Germany	23,015,204	21,910,272

Notes to Standalone Financial Statements for the year ended March 31, 2016

Particulars	Nature of relationship	Name of the related Party	March 31, 2016 Rs.	March 31, 2015 Rs.
Cost Reimbursement Received	Holding Company	SQS Software Quality Systems AG, Germany	881,870	-
	Fellow Subsidiaries	SQS Group Limited UK, UK	2,171,646	-
	Fellow Subsidiaries	SQS India Infosystems Private Limited, India	1,109,741	-
	Fellow Subsidiaries	SQS Software Quality Systems Ges.mbH, Austria	2,590,635	-
	Fellow Subsidiaries	SQS software Quality Systems (Ireland) Limited, Ireland	2,502,592	-
	Fellow Subsidiaries	SQS Nederland BV, Netherland	28,024	-
	Fellow Subsidiaries	SQS Software Quality Systems (Schweiz) AG, Zurich, Switzerland	416,323	-
	Fellow Subsidiaries	SQS USA Inc., USA	1,600,812	-
Cost Reimbursement Paid	Subsidiary	SQS BFSI Inc, USA	9,385,508	-
	Subsidiary	SQS BFSI UK Ltd, UK	36,289,679	-
	Subsidiary	SQS BFSI FZE, UAE	358,740	-
	Holding Company	SQS Software Quality Systems AG, Germany	1,255,525	2,170,324
	Fellow Subsidiaries	SQS India Infosystems Private Limited, India	1,621,923	304,964
OUTSTANDING BALANCES				
Net Receivable from				
	Subsidiary	SQS BFSI Pte.Ltd., Singapore	-	827,378
	Subsidiary	SQS BFSI UK Ltd., UK	225,239,912	-
	Subsidiary	SQS BFSI Inc, USA	45,613,944	-
	Holding Company	SQS Software Quality Systems AG, Germany	244,411	-
	Fellow Subsidiaries	SQS Group Limited, UK	360,673	8,483,205
	Fellow Subsidiaries	SQS software Quality Systems (Ireland) Limited, Ireland	4,840,784	869,502
	Fellow Subsidiaries	SQS Software Quality Systems (Schweiz) AG, Zurich, Switzerland	9,145,362	2,645,845
	Fellow Subsidiaries	SQS Software Quality Systems Ges.mbH - Austria	8,251,984	2,203,391
	Fellow Subsidiaries	SQS india infosystems Pvt Ltd, India	6,301,484	137,641
	Fellow Subsidiaries	SQS USA Inc., USA	413,452	26,166,876
	Fellow Subsidiaries	SQS Software Quality Systems Egypt S.A.E.	5,161,801	-
	Fellow Subsidiaries	SQS Group Ltd, South Africa	8,524,403	-

Notes to Standalone Financial Statements for the year ended March 31, 2016

Particulars	Nature of relationship	Name of the related Party	March 31, 2016 Rs.	March 31, 2015 Rs.
Net Payable to	Subsidiary	SQS BFSI Pte.Ltd., Singapore	13,830,169	-
	Subsidiary	SQS BFSI UK Ltd., UK	-	5,295,129
	Subsidiary	SQS BFSI Inc, USA	-	18,804,874
	Subsidiary	SQS BFSI FZE., UAE	43,567,312	19,560,904
	Subsidiary	Thinksoft Global Services (Europe) GmbH, Germany	893,319	679,965
	Holding Company	SQS Software Quality Systems AG, Germany	7,660,181	744,584
	Fellow Subsidiaries	SQS india infosystems Pvt Ltd, India	3,985,817	-
	Fellow Subsidiaries	SQS Group Ltd, UK	72,161	-
Provision for expenses	KMP	Dr. Martin Müller	3,045,085	2,560,000
Final dividend payable	Holding Company	SQS Software Quality Systems AG, Germany	115,076,020	115,076,020
Investments	Subsidiary	SQS BFSI Pte.Ltd., Singapore	2,658,023	2,658,023
	Subsidiary	SQS BFSI Inc, USA	4,625,400	4,625,400
	Subsidiary	Thinksoft Global Services (Europe) GmbH, Germany	2,714,774	2,714,774
	Subsidiary	SQS BFSI FZE., UAE	8,696,000	8,696,000
	Subsidiary	SQS BFSI UK Ltd., UK	24,168,000	24,168,000

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

Note 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. There are no Forward contracts pending as at the Balance Sheet date.

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

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

Particulars	FCY	March 31, 2016		March 31, 2015	
		Amt in FCY	Amt in Rs.	Amt in FCY	Amt in Rs.
Trade receivables	GBP	330,723	31,448,403	811,686	75,048,498
Trade receivables	USD	1,520,680	100,866,712	4,380,573	274,180,041
Trade receivables	EUR	1,743,748	130,955,441	2,437,546	164,558,697
Trade receivables	AUD	255,010	12,941,758	121,960	5,879,692
Trade receivables	MYR	26,961	454,290	45,646	771,422
Trade receivables	SGD	27,206	1,333,646	80,623	3,678,814
Trade receivables	ZAR	255,420	1,126,402	-	-
Loans and advances	USD	140,380	9,311,384	96,941	6,067,510
Loans and advances	SGD	108,912	5,338,847	49,565	2,261,635
Loans and advances	GBP	93,005	8,843,887	82,408	7,619,486
Loans and advances	AUD	12,715	645,264	2,200	106,062

Notes to Standalone Financial Statements for the year ended March 31, 2016

Particulars	FCY	March 31, 2016		March 31, 2015	
		Amt in FCY	Amt in Rs.	Amt in FCY	Amt in Rs.
Loans and advances	AED	215,418	3,890,448	181,685	3,101,359
Loans and advances	EUR	126,018	9,463,974	96,199	6,494,410
Loans and advances	MYR	26,885	453,011	26,885	454,355
Other current liabilities	AED	1,077,863	19,466,204	1,141,184	19,480,011
Other current liabilities	AUD	40,379	2,049,250	-	-
Other current liabilities	EUR	254,143	19,086,104	10,072	679,965
Other current liabilities	GBP	65,190	6,198,953	57,269	5,295,129
Other current liabilities	HKD	30,549	261,194	-	-
Other current liabilities	MYR	110,919	1,868,980	-	-
Other current liabilities	SAR	107,667	1,904,629	-	-
Other current liabilities	SGD	25,201	1,235,353	-	-
Other current liabilities	USD	309,252	20,512,654	300,445	18,804,874
Trade payables	GBP	10,448	993,500	-	-
Trade payables	USD	74,598	4,948,061	75,225	4,708,335
Trade payables	SGD	300	14,706	-	-
Trade payables	AED	8,941	161,474	210,513	3,593,457
Trade payables	EUR	112,339	8,436,653	49,394	3,334,555
Trade payables	MYR	630	10,615	6,091	102,938
Trade payables	AUD	-	-	775	37,361

Note 31: CIF value of imports

Particulars	March 31, 2016 Rs.	March 31, 2015 Rs.
Capital goods/software	7,005,403	1,004,030

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

Particulars	March 31, 2016 Rs.	March 31, 2015 Rs.
Income from software services	2,449,614,531	2,006,932,456

Note 33

a. Expenditure in foreign currency (on cash basis)

Particulars	March 31, 2016 Rs.	March 31, 2015 Rs.
Travel expenses	114,788,276	95,405,660
Professional fees/ consultancy fee	111,241,023	19,603,179
Salary	177,849,070	156,695,653
Sales commission	204,437	1,191,753
Rent	1,132,005	826,750
MD Remuneration	11,806,018	8,715,911
Others	7,001,053	9,058,868
Onsite service expenses	657,051,486	665,892,044
Total	1,081,073,368	957,389,818

Notes to Standalone Financial Statements for the year ended March 31, 2016

b. Dividend remitted in Foreign currency

Details of Dividend remitted during the year to Non resident

Particulars	March 31, 2016		March 31, 2015	
	Interim	Final	Interim	Final
Period	2015-16	2014-15	2014-15	2013-14
No. of Shareholders	1	1	1	1
No. of Shares	5,753,801	5,753,801	5,477,568	5,477,568
Amount Remitted (in Rs.)	23,015,204	115,076,020	21,910,272	21,910,272

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 March 31, 2016 Rs.	Year ended March 31, 2015 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 Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Particulars	Name of the Company	Amount outstanding as on March 31, 2016	Maximum amount due at any one time during the year
a) Loans and advances			
i) Loans and advances in nature of loans made to subsidiary Company	Nil	Nil	Nil
ii) Loans and advances in nature of loans made to Associate Company	Nil	Nil	Nil
iii) Loans and advances in 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 372A 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

Note 36: Previous year figures

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

As per our report of even date

PKF Sridhar & Santhanam LLP

Chartered Accountants

Firm's Regn. No.003990S/S200018

For and on behalf of the Board of Directors

T V Balasubramanian

Partner

Membership No. : 027251

Place : Chennai

Date : April 28, 2016

David Bellin

Chairman & Director

Place : Chennai

Date : April 28, 2016

Aarti Arvind

Managing Director

N Vaidyanathan

Executive Director & CFO

S Sampath Kumar

Company Secretary

INDEPENDENT AUDITOR'S REPORT

To the Members of SQS India BFSI Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of SQS India BFSI Limited, (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the consolidated Balance Sheet as at March 31, 2016, the consolidated Statement of Profit and Loss, the consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2016, 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 five subsidiaries, whose financial statements reflect total assets of Rs.2,524 lakhs as at March 31, 2016, total revenues of Nil and net cash flows amounting to Rs.1,127 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

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

1. We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
2. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
3. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
4. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
5. On the basis of the written representations received from the directors of the Holding Company as on March 31, 2016 taken on record by the Board of Directors of the Holding Company, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164(2) of the Act.
6. With respect to the adequacy of the internal financial controls over financial reporting of the Group excluding companies incorporated outside India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

7. With respect to the other matters to be included in the Auditor's Report on Consolidated Financial Statements in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i) The Group has disclosed the impact of pending litigations on its financial position in its consolidated financial statements – Please refer Note 27 to the consolidated financial statements.
 - ii) The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Group.

For PKF Sridhar & Santhanam LLP

Chartered Accountants

Firm's Registration No.003990S/S200018

T V Balasubramanian

Partner

Membership No.027251

Place: Chennai

Date : April 28, 2016

Annexure A

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

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of SQS India BFSI Limited (hereinafter referred to as "the Holding Company"), which is a Company incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Holding Company, which is a Company incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

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

For PKF Sridhar & Santhanam LLP

Chartered Accountants

Firm's Registration No.003990S/S200018

T V Balasubramanian

Partner

Membership No.027251

Place: Chennai

Date : April 28, 2016

Consolidated Balance Sheet as at March 31, 2016

Particulars	Note	March 31, 2016 Rs.	March 31, 2015 Rs.
EQUITY and LIABILITIES			
Shareholder's Funds			
Share capital	3	106,387,490	105,452,990
Reserves and Surplus	4	982,185,932	910,796,786
		1,088,573,422	1,016,249,776
Share application money pending allotment		2,362,160	1,777,850
Non-Current liabilities			
Long term Borrowings	5	-	73,252,328
Current Liabilities			
Trade payables	6	34,304,034	43,902,751
Other current liabilities	7	332,378,499	210,152,955
Short-term provisions	8	361,718,965	305,776,403
		728,401,498	559,832,109
TOTAL		1,819,337,080	1,651,112,063
ASSETS			
Non-Current assets			
Fixed assets			
Tangible assets	9	225,588,723	236,340,067
Intangible assets	10	22,349,339	6,638,909
Intangible Assets under Development		-	14,035,982
		247,938,062	257,014,958
Deferred tax asset (Net)	11	6,089,810	6,519,810
Long term loans and advances	12	4,199,429	3,286,467
Other Non-current assets	13	4,516,867	4,153,918
		14,806,106	13,960,195
Current Assets			
Trade receivable	14	543,897,431	567,353,826
Cash and bank balances	15	856,623,016	683,480,906
Short term loans and advances	12	140,835,107	109,542,283
Other current assets	13	15,237,358	19,759,895
		1,556,592,912	1,380,136,910
TOTAL		1,819,337,080	1,651,112,063

Summary of significant accounting policies

2

The accompanying notes are an integral parts of this Balance Sheet
As per our report of even date

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

For and on behalf of the Board of Directors

T V Balasubramanian
Partner
Membership No. : 027251

David Bellin
Chairman & Director

Aarti Arvind
Managing Director

N Vaidyanathan
Executive Director & CFO

S Sampath Kumar
Company Secretary

Place : Chennai
Date : April 28, 2016

Place : Chennai
Date : April 28, 2016

Consolidated Statement of Profit and Loss for the year ended March 31, 2016

Particulars	Note	March 31, 2016 Rs.	March 31, 2015 Rs.
Revenue from Operations	16	2,641,617,362	2,141,554,154
Other income	17	64,706,784	17,537,592
Total Revenue		2,706,324,146	2,159,091,746
Employee benefits expense	18	1,675,715,710	1,360,772,917
Depreciation and amortization expense	19	40,503,661	51,785,033
General, administrative and other expenses	20	425,337,981	409,710,909
Finance cost	21	2,731,178	16,424,456
Total Expenses		2,144,288,530	1,838,693,315
Profit before exceptional and extraordinary items and tax		562,035,616	320,398,431
Exceptional items		-	-
Profit before extraordinary items and tax		562,035,616	320,398,431
Extraordinary items		-	-
Profit before tax		562,035,616	320,398,431
Tax expense:			
Current Tax			
Current year		192,614,384	104,679,753
Deferred Tax (Credit)		430,000	(765,950)
Profit for the year		368,991,232	216,484,628
Earnings per Equity share (Par value of Rs.10 each)	22		
Basic		34.85	20.86
Diluted		34.62	20.57

Summary of significant accounting policies

2

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

PKF Sridhar & Santhanam LLP

For and on behalf of the Board of Directors

Chartered Accountants

Firm's Regn. No.003990S/S200018

T V Balasubramanian

Partner

Membership No. : 027251

Place : Chennai

Date : April 28, 2016

David Bellin

Chairman & Director

Place : Chennai

Date : April 28, 2016

Aarti Arvind

Managing Director

N Vaidyanathan

Executive Director & CFO

S Sampath Kumar

Company Secretary

Statement of Consolidated Cash flow for the year ended March 31, 2016

Particulars	March 31, 2016 Rs.	March 31, 2015 Rs.
Cash flow from operating activities		
Net profit/(loss) before taxation	562,035,616	320,398,431
Adjustments for:		
Depreciation/amortisation	40,503,661	51,785,033
Loss/(profit) on sale of fixed assets	(477,539)	(1,187,081)
Unrealised forex exchange loss/(gain), net	(1,373,039)	31,979,780
Interest income	(9,072,829)	(16,047,024)
Interest expense	944,407	14,606,511
Provision for bad and doubtful debts	3,488,958	-
Operating profit before working capital changes	596,049,235	401,535,650
(Increase)/Decrease in Trade Receivables	12,684,252	4,141,080
(Increase)/Decrease in loans and advances and other current assets	(27,269,853)	(33,505,166)
Increase/(Decrease) in current liabilities and provisions	137,900,479	64,135,795
Cash generated from operations	719,364,113	436,307,359
Direct taxes paid (net of refunds)	(142,377,963)	(101,977,755)
Net cash from/(used in) operating activities	576,986,150	334,329,604
Cash flows from investing activities		
Purchase of fixed assets	(31,452,626)	(28,092,736)
Proceeds from sale of fixed assets	503,400	1,262,048
Interest received	11,236,903	18,575,213
Fixed deposits matured/(invested) during the year	126,370,918	(20,569,018)
Net cash from/(used in) investing activities	106,658,595	(28,824,493)
Cash flows from financing activities		
Proceeds from Issue of Shares/Share Application money Received	11,303,025	23,525,830
Term loan availed	-	-
Repayment of Borrowings	(96,328,328)	(23,076,924)
Interest paid	(944,407)	(14,606,511)
Dividends paid	(253,730,136)	(82,790,968)
Tax on dividend paid	(51,653,488)	(15,534,000)
Net cash from/(used in) financing activities	(391,353,334)	(112,482,573)
Net increase in cash and cash equivalents	292,291,412	193,022,537
Cash and cash equivalents at the beginning of the year	554,940,195	395,336,954
Effect of changes in exchange rate on cash and cash equivalents	6,476,759	(33,419,296)
Cash and cash equivalents at the end of the year (Ref Note 15)	853,708,365	554,940,195

Summary of significant accounting policies (Note 2)

As per our report of even date

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

For and on behalf of the Board of Directors

T V Balasubramanian
Partner
Membership No. : 027251

David Bellin
Chairman & Director

Aarti Arvind
Managing Director

N Vaidyanathan
Executive Director & CFO

S Sampath Kumar
Company Secretary

Place : Chennai
Date : April 28, 2016

Place : Chennai
Date : April 28, 2016

Notes to Consolidated Financial Statements for the period ended March 31, 2016

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.

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

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

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

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

ii Basis of preparation of financial statements:

The Company maintains its accounts on accrual basis following the historical cost convention in accordance with generally accepted accounting principles in India (GAAP), in compliance with provisions of the Companies Act, 2013 and the Accounting Standards notified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014. The other Accounting Standards as

issued by ICAI, not yet notified are also considered, wherever applicable, except to the extent where compliance with the other statutory promulgations override the same requiring a different treatment. The accounting policies are consistent with those used in the previous year.

iii Principles of consolidation:

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

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

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

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

Note 2: Summary of significant accounting policies:

i Use of estimates:

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

Notes to Consolidated Financial Statements for the period ended March 31, 2016

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

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

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

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

iii Intangible assets:

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

net disposal proceeds and the carrying amount of the asset and are recognized in the statement of Profit and loss, when the asset is derecognized.

Amortization rates currently applied are as follows:

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

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

iv Impairment:

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

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

v Investment:

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

vi Revenue recognition:

Software service income:

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

Notes to Consolidated Financial Statements for the period ended March 31, 2016

- b Revenue in respect of time-and-materials contracts is recognized based on time/efforts spent on and / or billed to clients as per the terms of specific contracts.
- c Revenue in respect of fixed-price contracts is recognized on proportionate completion method on the basis of the work completed.
- d Revenue includes reimbursement of expenses wherever billed as per the terms of contracts.
- e Revenue is net off discounts, if any, 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:

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

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

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

ix Earnings per share:

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

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

x Foreign currency transactions and translations

a Initial recognition:

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign

Notes to Consolidated Financial Statements for the period ended March 31, 2016

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 speculative purposes. Realized/unrealized gains and losses on forward contracts are accounted in the profit and loss account for the period. Premium/Discount on forward contracts are accounted over the contract period.

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

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

xi Provisions:

A provision is recognised when an enterprise has a present obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on

best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

xii Lease:

Where the Company is lessee:

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

xiii Employee stock compensation cost:

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

xiv Segment information:

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

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

xv Cash flows:

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

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

Notes to Consolidated Financial Statements for the period ended March 31, 2016

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.

Note 3: Share capital:

Particulars	March 31, 2016 Rs.	March 31, 2015 Rs.
Authorized		
12,000,000 equity shares (March 31, 2015: 12,000,000) of Rs.10 each	120,000,000	120,000,000
Issued, subscribed and fully paid up		
10,638,749 equity shares (March 31, 2015: 10,545,299) of Rs.10 each	106,387,490	105,452,990

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

Equity shares

Particulars	March 31, 2016		March 31, 2015	
	Number	Rs.	Number	Rs.
At the beginning of the year	10,545,299	105,452,990	10,267,681	102,676,810
Issued during the year	93,450	934,500	277,618	2,776,180
Outstanding at the end of the year	10,638,749	106,387,490	10,545,299	105,452,990

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, 2016		March 31, 2015	
	Number	% Holding	Number	% Holding
SQS Software Quality Systems AG, Germany - Holding Company	5,753,801	54.08%	5,753,801	54.56%

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.

Notes to Consolidated Financial Statements for the period ended March 31, 2016

- f** For the year 2015-16, the Board of Directors have recommended final dividend of Rs.20/- per share (in addition to interim dividend of Rs.4 per share already distributed), which is subject to the approval of the shareholders. During the previous year 2014-15, the Company had declared final dividend of Rs.20 per share (in addition to interim dividend of Rs.4 per share)
- g** Share application money of Rs.2,362,160 (PY Rs.1,777,850) (Share capital of Rs.230,000 (PY Rs.155,000) and share premium of Rs.2,132,160 (PY Rs.1,622,850)) represents funds received from employees towards 23,000 (PY 15,500) options exercised during the period for which shares are yet to be allotted. Pending board approval and statutory filings, this amount is disclosed as share application money pending allotment.

Note 4: Reserves and surplus

Particulars		March 31, 2016 Rs.	March 31, 2015 Rs.
Securities premium account			
Balance at the beginning of the year		176,215,150	157,243,350
Add: Additions during the year		9,784,215	18,971,800
Balance at the end of the year	A	185,999,365	176,215,150
General Reserve			
Balance at the beginning of the year		99,491,695	81,007,695
Add: Additions during the year		31,900,000	18,484,000
Balance at the end of the year	B	131,391,695	99,491,695
Surplus/(Deficit) in the statement of profit and Loss			
Balance as per last financial statements		635,089,941	741,434,620
Profit for the year		368,991,232	216,484,628
Less: Appropriations			
Interim dividend paid on equity shares		(42,494,157)	(41,567,620)
Proposed final equity dividend *		(213,104,980)	(211,058,604)
Tax on Interim equity dividend		(8,650,812)	(8,510,841)
Tax on proposed final equity dividend **		(43,136,352)	(43,208,242)
Transfer to general reserve		(31,900,000)	(18,484,000)
Total appropriations		(339,286,301)	(322,829,307)
Net surplus in statement of Profit and Loss	C	664,794,872	635,089,941
Total	(A+B+C)	982,185,932	910,796,786

*includes Rs.330,000 (PY Rs.152,624) pertaining to previous year

** Net off reversal of excess provision Rs.179,629 (PY Rs.25,938) pertaining to previous year

Note 5: Long term borrowings - Secured

Particulars	March 31, 2016 Rs.	March 31, 2015 Rs.
Term Loan from Bank	-	96,328,328
(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)
Total	-	73,252,328

Notes to Consolidated Financial Statements for the period ended March 31, 2016

a. The above term loan has been preclosed in full during the current year. Interest rate on this term loan ranged from 12.00% to 13.75%.

b. 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.

Note 6: Trade payables

Particulars	March 31, 2016 Rs.	March 31, 2015 Rs.
Sundry Creditors	34,304,034	43,902,751
Total	34,304,034	43,902,751

Note 7: Other current liabilities

Particulars	March 31, 2016 Rs.	March 31, 2015 Rs.
Employee benefits payable	113,718,452	76,815,913
Liabilities for other expenses	123,081,428	65,627,407
Unearned Revenue	30,691,136	2,135,547
Unpaid application money due for refund	72,000	72,000
Unpaid dividend	2,842,651	2,097,793
Statutory Liabilities	61,972,832	40,328,295
Current maturities of long term borrowings (Refer note 5)	-	23,076,000
Total	332,378,499	210,152,955

Note 8: Short term Provisions

Particulars	March 31, 2016 Rs.	March 31, 2015 Rs.
Provision for Employee Benefits:		
for Leave salary	15,007,381	12,697,485
for gratuity	2,955,206	1,561,638
Proposed equity dividend	212,774,980	210,905,980
Provision for tax on proposed equity dividend	43,315,981	43,182,304
Provision for taxation (Net of prepaid taxes)	87,665,417	37,428,996
Total	361,718,965	305,776,403

Notes to Consolidated Financial Statements for the period ended March 31, 2016

Note 9: Tangible assets

(in Rs.)

	Leasehold rights & Improvement	Building	Plant and equipments	Computer equipment	Furniture and fittings	Office equipment	Vehicles	Temporary partitions	Total
Cost or Valuation									
At Apr 1, 2014	9,504,000	232,246,899	37,970,916	91,759,392	16,805,342	12,495,152	5,495,306	597,190	406,874,197
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 Mar 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	414,713,282
Additions	-	-	510,589	20,926,087	1,182,946	2,227,951	88,234	-	24,935,807
Disposals	-	-	-	(350,029)	-	(28,547)	(1,623,483)	-	(2,002,059)
At Mar 31, 2016	9,504,000	232,246,899	38,730,978	119,694,921	17,903,005	16,335,215	2,634,821	597,190	437,647,029

	Leasehold rights & Improvement	Building	Plant and equipments	Computer equipment	Furniture and fittings	Office equipment	Vehicles	Temporary partitions	Total
Depreciation									
At Apr 1, 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 Mar 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
Additions	950,400	11,612,105	5,377,220	13,288,865	1,970,624	2,087,412	374,663	-	35,661,289
Disposals	-	-	-	(324,168)	-	(28,547)	(1,623,483)	-	(1,976,198)
At Mar 31, 2016	7,138,560	42,036,974	38,312,743	91,226,320	16,886,748	14,105,600	1,754,171	597,190	212,058,306

Net Block									
At Mar 31, 2015	3,315,840	201,822,030	5,284,866	20,857,241	1,803,934	2,089,077	1,167,079	-	236,340,067
At Mar 31, 2016	2,365,440	190,209,925	418,235	28,468,601	1,016,257	2,229,616	880,650	-	225,588,723

Note 10: Intangible assets - Computer Software

(in Rs.)

	Gross Block	Amortization	Net Block
At Apr 1, 2014	65,743,301	49,393,218	
Additions	2,360,506	12,071,680	
Disposals	-	-	
At Mar 31, 2015	68,103,807	61,464,898	6,638,909
Additions	20,552,802	4,842,372	
Disposals	-	-	
At Mar 31 2016	88,656,609	66,307,270	22,349,339

Notes to Consolidated Financial Statements for the period ended March 31, 2016

Note 11: Deferred tax asset

Particulars	March 31, 2016 Rs.	March 31, 2015 Rs.
Opening Balance	6,519,810	5,753,860
Deferred tax credit (provision) for the year	(430,000)	765,950
Closing Balance	6,089,810	6,519,810
Break up of deferred tax asset		
on account of timing difference in claiming depreciation allowance	3,859,383	5,989,009
on account of timing difference in claiming provision for gratuity and doubtful debts	1,022,737	530,801
on account of timing difference in claiming provision for bad and doubtful debts	1,207,690	-
Total	6,089,810	6,519,810

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

Particulars	Non-Current		Current	
	March 31, 2016 Rs.	March 31, 2015 Rs.	March 31, 2016 Rs.	March 31, 2015 Rs.
Security deposit	4,199,429	3,286,467	27,392,763	18,203,541
Trade and Staff advances #	-	-	22,405,136	15,589,855
Due from Related Parties *	-	-	42,790,500	23,115,000
Other Loans and advances				
Prepaid expenses	-	-	12,689,799	17,539,266
MAT credit entitlement	-	-	16,869,630	16,869,630
Income tax refund due / deposits	-	-	5,339,067	5,339,067
Input tax credit	-	-	13,348,212	12,885,924
	-	-	48,246,708	52,633,887
Total	4,199,429	3,286,467	140,835,107	109,542,283

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

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

Notes to Consolidated Financial Statements for the period ended March 31, 2016

Note 13: Other assets (Unsecured, considered good)

Particulars		Non-Current		Current	
		March 31, 2016 Rs.	March 31, 2015 Rs.	March 31, 2016 Rs.	March 31, 2015 Rs.
Non-current bank balances (Note 15)		4,516,867	4,153,918	-	-
	(A)	4,516,867	4,153,918	-	-
Unbilled revenue		-	-	14,623,147	16,981,619
	(B)	-	-	14,623,147	16,981,619
Others					
Interest accrued on fixed deposits		-	-	614,211	2,778,276
	(C)	-	-	614,211	2,778,276
Total	(A+B+C)	4,516,867	4,153,918	15,237,358	19,759,895

Note 14: Trade receivable (Unsecured)

Particulars		Non-Current		Current	
		March 31, 2016 Rs.	March 31, 2015 Rs.	March 31, 2016 Rs.	March 31, 2015 Rs.
Outstanding for a period exceeding six months from the date they are due for payment					
Considered good		-	-	232,880	10,628,358
Considered doubtful		-	-	3,488,958	-
	(A)	-	-	3,721,838	10,628,358
Provision for doubtful receivables		-	-	(3,488,958)	-
	(A)	-	-	232,880	10,628,358
Others					
Considered good		-	-	543,664,551	556,725,468
	(B)	-	-	543,664,551	556,725,468
Total	(A+B)	-	-	543,897,431	567,353,826

Note 15: Cash and Bank balances

Particulars	Non-Current		Current	
	March 31, 2016 Rs.	March 31, 2015 Rs.	March 31, 2016 Rs.	March 31, 2015 Rs.
Cash and cash equivalents				
Balance with bank on current accounts	-	-	823,687,240	499,908,384
Deposits with original maturity of less than three months	-	-	30,000,000	55,000,000
Cash in hand	-	-	21,125	31,811
	-	-	853,708,365	554,940,195

Notes to Consolidated Financial Statements for the period ended March 31, 2016

Particulars	Non-Current		Current	
	March 31, 2016 Rs.	March 31, 2015 Rs.	March 31, 2016 Rs.	March 31, 2015 Rs.
Other bank balances				
Deposits with original maturity for more than 3 months	-	-	-	126,370,918
Margin money deposits*	4,516,867	4,153,918	-	-
Unpaid application money due for refund	-	-	72,000	72,000
Unpaid dividend account	-	-	2,842,651	2,097,793
	4,516,867	4,153,918	2,914,651	128,540,711
Amount disclosed under non-current Other assets (Note 13)	(4,516,867)	(4,153,918)	-	-
Total	-	-	856,623,016	683,480,906

* Margin money deposits given as performance/financial Security

Note 16: Revenue from operations

Particulars	March 31, 2016 Rs.	March 31, 2015 Rs.
Software services	2,641,617,362	2,141,554,154

Note 17: Other income

Particulars	March 31, 2016 Rs.	March 31, 2015 Rs.
Interest income on bank deposits	9,072,829	16,047,024
Profit on sale of fixed assets	477,539	1,187,081
Net foreign exchange gain	54,947,588	-
Government grant	195,635	204,134
Miscellaneous income	13,193	99,353
Total	64,706,784	17,537,592

Note 18: Employee benefit expense

Particulars	March 31, 2016 Rs.	March 31, 2015 Rs.
Salaries, wages and bonus	1,572,680,212	1,269,054,931
Contribution to provident and other fund	56,288,416	50,919,756
Gratuity expense	9,583,129	12,350,277
Staff welfare expense	37,163,953	28,447,953
Total	1,675,715,710	1,360,772,917

Notes to Consolidated Financial Statements for the period ended March 31, 2016

Note 19: Depreciation and amortization expense

Particulars	March 31, 2016 Rs.	March 31, 2015 Rs.
Depreciation on tangible assets	35,661,289	39,713,353
Amortization of intangible assets	4,842,372	12,071,680
Total	40,503,661	51,785,033

Note 20: General, administrative and other expenses

Particulars	March 31, 2016 Rs.	March 31, 2015 Rs.
Travel and conveyance	195,864,939	161,038,531
Rent	18,980,190	16,425,799
Professional fees (Including Audit Fees)	38,864,819	40,471,661
Marketing and selling expenses	17,666,933	21,619,483
Software expenses	29,332,008	25,987,606
Power and fuel	15,710,759	17,034,029
Repairs & Maintenance		
-Buildings	14,739,780	12,408,040
-Plant and machinery	1,091,463	2,642,126
-Others	7,226,238	3,662,917
Communication expenses	16,436,974	11,270,730
Sales commission	18,298,019	17,461,956
Exchange Loss	-	44,549,919
Training and recruitment	8,449,489	7,209,642
Insurance	8,417,250	8,532,598
Director sitting fees	1,162,302	1,192,598
Rates and taxes	19,675,873	8,931,287
Corp. Social Responsibility Expenses	5,576,843	4,706,725
Provision for Doubtful Debts	3,488,958	-
Miscellaneous expenses	4,355,144	4,565,262
Total	425,337,981	409,710,909

Note 21: Finance cost

Particulars	March 31, 2016 Rs.	March 31, 2015 Rs.
Interest	944,407	14,606,511
Bank charges	1,786,771	1,817,945
Total	2,731,178	16,424,456

Notes to Consolidated Financial Statements for the period ended March 31, 2016

Note 22: Earnings per share

Particulars	March 31, 2016 Rs.	March 31, 2015 Rs.
Profit for computation of basic EPS	368,991,232	216,484,628
Add/ (Less) adjustment	-	-
Profit for computation of Diluted EPS	368,991,232	216,484,628
	Number	Number
Shares at the Beginning of the year	10,545,299	10,267,681
Add: Weighted average of shares issued during the year	43,134	110,973
Total weighted average number of equity shares for calculating basic EPS	10,588,433	10,378,654
Effect of Dilutive stock option	68,404	147,300
Weighted average number of equity shares in calculating diluted EPS	10,656,837	10,525,954
Earnings per share - Basic	34.85	20.86
Earnings per share - Diluted	34.62	20.57

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	12,697,485	11,207,368
Leave salary cost accounted for the year	2,309,896	1,490,117
Total liability as at year end	15,007,381	12,697,485

ii Defined contribution plan - Provident fund & other statutory contributions

Particulars	Current year Rs.	Previous year Rs.
Employers contribution	66,837,628	59,734,291

iii Defined Benefit Plan - Gratuity

Particulars	Current year Rs.	Previous year Rs.
Change in Benefit obligation		
Liability at the beginning of the year	55,753,674	44,954,647
Interest cost	4,235,193	3,858,399
Current service cost	8,519,197	7,399,415
Past service cost (Vested benefit)	-	-
Past service cost (Non Vested benefit)	-	-
Benefit paid	(2,912,651)	(4,167,099)
Actuarial (Gain)/Loss on obligations	1,072,137	3,708,312
Liability at the end of the year	66,667,550	55,753,674

Notes to Consolidated Financial Statements for the period ended March 31, 2016

iii Defined Benefit Plan - Gratuity (Contd.,)

Particulars	Current year Rs.	Previous year Rs.
Fair value of Plan Assets		
Fair value of plan assets at the beginning of the year	54,192,036	44,117,281
Expected return on plan assets	4,830,592	4,066,973
Contributions	8,189,561	11,626,005
Benefit paid	(2,912,651)	(4,167,099)
Actuarial Gain/(Loss) on plan assets	(587,194)	(1,451,123)
Fair value of plan assets at the end of the year	63,712,344	54,192,036
Actual return on Plan Assets		
Expected return on plan assets	4,830,592	4,066,972
Actuarial Gain/(Loss) on plan assets	(587,194)	(1,451,123)
Actual return on Plan Assets	4,243,398	2,615,849
Amount recognized in the Balance Sheet		
Present value of the obligation	66,667,550	55,753,674
Fair value of plan assets	63,712,344	54,192,036
Difference (Funded status)	2,955,206	1,561,638
Expected return on plan assets and actuarial gains thereon not recognized pending confirmation from LIC	-	-
Amount recognized in the Balance Sheet	2,955,206	1,561,638
Expenses recognized in the income statement		
Current service cost	8,519,197	7,399,415
Interest cost	4,235,193	3,858,399
Expected return on plan assets	(4,830,592)	(4,066,973)
Net Actuarial (Gain)/Loss to be recognized	1,659,331	5,159,436
Transitional Liability recognized	-	-
Past service cost - non Vested benefits	-	-
Past service cost - vested benefits	-	-
Expense recognized in P&L	9,583,129	12,350,277
Balance sheet reconciliation		
Opening net liability as per Books	1,561,638	837,366
Transitional liability adjusted to opening reserves and deferred taxes	-	-
Expense as above	9,583,129	12,350,277
Expected return on plan assets and actuarial gains thereon not recognized pending confirmation from LIC	-	-
Contribution paid	(8,189,561)	(11,626,005)
Amount recognized in the Balance Sheet	2,955,206	1,561,638
Actuarial assumptions		
Discount rate - Current	7.70%	7.80%
Expected rate of return on plan assets	8.00%	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, 2016

Actuarial valuation

a. Experience adjustment

Rs.

Particulars	2015-16	2014-15	2013-14	2012-13
Defined benefit obligation	66,667,550	55,753,674	44,954,647	30,956,486
Plan assets	63,712,344	54,192,036	44,117,281	27,601,883
Surplus/(Deficit)	(2,955,206)	(1,561,638)	(837,366)	(3,354,603)
Exp. adj. on plan liabilities	(594,906)	800,213	1,009,942	(122,951)
Exp. adj. on assets	(587,194)	(1,451,123)	(1,278,908)	(1,685,924)

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, 2016 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 year. The contractual life (comprising vesting period and exercise period) of options granted is 8 year. 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, 2016		March 31, 2015	
	No. of options	WAEP (Rs.)	No. of options	WAEP (Rs.)
Outstanding at the beginning of the year	177,082	113.14	508,700	92.51
Granted during the year	-	-	-	-
Forfeited during the year	9,000	114.70	54,000	97.67
Exercised during the year	93,450	114.70	277,618	78.34
Outstanding at the end of the year	74,632	111.00	177,082	113.14
Exercisable at the end of the year	74,632	111.00	80,182	111.26

The weighted average remaining contractual life for the stock options outstanding as at March 31, 2016 is 3.76 Years (March 31, 2015: 4.95 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, 2015 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, 2015: NIL). The black scholes valuation model has been used for computing weighted average fair value considering the following inputs:

Notes to Consolidated Financial Statements for the period ended March 31, 2016

Particulars	March 31, 2016	March 31, 2015
Dividend yield (%)		
Expected volatility		
Risk-free interest rate	No Options granted during the year	No Options granted during the year
Weighted average share price		
Exercise price		
Expected life of options granted in years		

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.

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, 2016 Rs.	March 31, 2015 Rs.
Profit after tax as reported	368,991,232	216,484,628
Add: ESOP cost using intrinsic value method	NIL	NIL
Less: ESOP cost using fair value method	1,067,203	2,141,888
Proforma profit after tax	367,924,029	214,342,740
Earnings per share		
Basic		
As reported	34.85	20.86
Proforma	34.75	20.65
Diluted		
As reported	34.62	20.57
Proforma	34.52	20.36

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, 2016 Rs.	March 31, 2015 Rs.
Within one year	27,155,320	11,905,611
After one year but not more than five years	46,888,840	25,878,952
More than five years	-	-
Total	74,044,160	37,784,563
Lease payments recognised in the Statement of Profit and Loss account	18,980,190	16,425,799

Notes to Consolidated Financial Statements for the period ended March 31, 2016

Note 26: Segment reporting

Particulars	March 31, 2016 Rs.	March 31, 2015 Rs.
Sales revenue by geographical market		
Within India	192,002,831	134,621,698
Outside India	2,449,614,531	2,006,932,456
Total	2,641,617,362	2,141,554,154

Note 27: Commitments and contingencies

Particulars	March 31, 2016 Rs.	March 31, 2015 Rs.
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advance)	38,930,873	Nil
Service tax related matters	7,218,676	7,218,676
Income tax related matters	59,612,513	57,202,781
Counter guarantees issued to the bank for the bank guarantee obtained	10,815,670	10,645,670

The Service Tax Authorities had made a demand for Rs 3,609,338 along with interest and penalty for an equivalent amount, towards tax leviable for certain services rendered by the Company during the period July 2003 to 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.59,612,513 for the fiscal year 2006-07, 2008-09, 2011-12 and 2012-13. The tax demand is mainly on account of disallowance of a portion of the deduction claimed by the Company under Section 10A and 10AA of the Income Tax Act. The matter for fiscal year 2006-07 has been referred back by CIT(Appeals) to DCIT to pass a fresh order. For Fiscal year 2008-09, 2011-12 and 2012-13 the Company is in the process of filing an appeal before CIT (Appeals). Management believes that its position will likely be upheld in the CIT (Appeals) process.

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 2015-16

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

Aarti Arvind - Managing Director (w.e.f April 1, 2016)

N Vaidyanathan - Executive Director (w.e.f April 1, 2016)

For Financial Year 2014-15

Dr. Martin Müller - Managing Director

Notes to Consolidated Financial Statements for the period ended March 31, 2016

iii) Fellow Subsidiaries

SQS India Infosystems Private Limited, India
 SQS Software Quality Systems Egypt S.A.E, Egypt
 SQS Software Quality Systems Ges.mbH, Austria
 SQS Group Limited, UK
 SQS Software Quality Systems (Ireland) Limited, Ireland
 SQS Software Quality Systems (Schweiz) AG, Zurich, Switzerland
 SQS USA Inc., USA
 SQS Nederland BV, Netherland
 SQS Software Quality Sytems France SASU, France
 SQS Group Ltd, South Africa
 SQS Portugal, Sist. DE Qalidade de Software, LDA, Portugal
 Galmont Consulting LLP, USA

b Transaction with Related Parties

Particulars	Nature of relationship	Name of the related Party	March 31, 2016 Rs.	March 31, 2015 Rs.
Income				
Income from the service rendered	Holding Company	SQS Software Quality Systems AG, Germany	244,411	-
	Fellow Subsidiaries	SQS Software Quality Systems (Schweiz) AG, Zurich, Switzerland	41,428,501	14,880,987
	Fellow Subsidiaries	SQS Software Quality Systems Ges.mbH, Austria	30,464,941	4,013,491
	Fellow Subsidiaries	SQS USA Inc., USA	92,425,815	25,839,973
	Fellow Subsidiaries	SQS Group Limited, UK	112,392,059	12,247,174
	Fellow Subsidiaries	SQS Software Quality Systems (Ireland) Limited, Ireland	14,302,124	878,974
	Fellow Subsidiaries	SQS India Infosystems Private Limited, India	4,853,376	122,500
	Fellow Subsidiaries	SQS Software Quality Systems Egypt S.A.E, Egypt	5,232,851	-
	Fellow Subsidiaries	Galmont Consulting, USA	2,165,153	-
Expenses				
Managerial remuneration	KMP	Dr. Martin Müller #	26,033,037	21,020,037
Expenses for services rendered	Holding Company	SQS Software Quality Systems AG, Germany	27,318,785	-
	Fellow Subsidiaries	SQS Software Quality Systems Egypt S.A.E, Egypt	-	201,605
	Fellow Subsidiaries	SQS USA Inc., USA	15,282,280	2,365,902
	Fellow Subsidiaries	SQS Group Limited, UK	5,870,879	-
	Fellow Subsidiaries	SQS Software Quality Sytems France SASU, France	5,700,304	-

Notes to Consolidated Financial Statements for the period ended March 31, 2016

Particulars	Nature of relationship	Name of the related Party	March 31, 2016 Rs.	March 31, 2015 Rs.
	Fellow Subsidiaries	SQS Portugal, Sist. DE Qalidade de Software, LDA, Portugal	21,902,964	-
	Fellow Subsidiaries	SQS software Quality Systems (Ireland) Limited, Ireland	5,098,027	-
	Fellow Subsidiaries	SQS India Infosystems Private Limited, India	3,020,383	-
Other Transactions	Holding Company	SQS Software Quality Systems AG, Germany	115,076,020	115,076,020
Proposed final dividend	Holding Company	SQS Software Quality Systems AG, Germany	23,015,204	21,910,272
Interim dividend				
Cost Reimbursement Received	Fellow Subsidiaries	SQS Group Limited, UK	4,977,417	222,274
	Fellow Subsidiaries	SQS India Infosystems Private Limited, India	1,109,741	-
	Fellow Subsidiaries	SQS Software Quality Systems Ges.mbh, Austria	2,590,635	-
	Holding Company	SQS Software Quality Systems AG, Germany	881,870	-
	Fellow Subsidiaries	SQS software Quality Systems (Ireland) Limited, Ireland	2,502,592	-
	Fellow Subsidiaries	SQS Nederland BV, Netherland	28,024	-
	Fellow Subsidiaries	SQS Software Quality Systems Egypt S.A.E, Egypt	-	-
	Fellow Subsidiaries	SQS Software Quality Systems (Schweiz) AG, Zurich, Switzerland	416,323	-
	Fellow Subsidiaries	SQS USA Inc., USA	3,677,231	776,179
Cost Reimbursement Paid	Holding Company	SQS Software Quality Systems AG, Germany	1,255,525	304,964
	Fellow Subsidiaries	SQS India Infosystems Private Limited, India	1,621,923	2,170,324
	Fellow Subsidiaries	SQS USA Inc., USA	884,076	27,999,907
	Fellow Subsidiaries	SQS Software Quality Systems Egypt S.A.E, Egypt	579,136	138,818
	Fellow Subsidiaries	SQS Group Ltd , UK	157,670	-
OUTSTANDING BALANCES				
NET RECEIVABLE FROM	Fellow Subsidiaries	SQS Group Limited, UK	13,846,921	8,705,479
	Fellow Subsidiaries	SQS software Quality Systems (Ireland) Limited, Ireland	4,840,784	869,502

Notes to Consolidated Financial Statements for the period ended March 31, 2016

Particulars	Nature of relationship	Name of the related Party	March 31, 2016 Rs.	March 31, 2015 Rs.
Net Payable to	Fellow Subsidiaries	SQS Software Quality Systems (Schweiz) AG, Switzerland	9,145,362	2,645,845
	Fellow Subsidiaries	SQS Software Quality Systems Ges.mbh - Austria	8,251,984	2,203,391
	Fellow Subsidiaries	SQS India Infosystems Private Limited, India	6,301,484	137,641
	Holding Company	SQS Software Quality Systems AG, Germany	244,411	-
	Fellow Subsidiaries	SQS Software Quality Systems Egypt S.A.E, Egypt	5,161,801	-
	Fellow Subsidiaries	SQS Group Limited, South Africa	8,524,403	-
	Fellow Subsidiaries	SQS US Inc, USA	19,912,269	-
	Fellow Subsidiaries	Galmont Consulting, USA	2,143,170	-
	Holding Company	SQS Software Quality Systems AG, Germany	7,660,181	744,584
	Fellow Subsidiaries	SQS USA Inc., USA	109,445	871,201
	Fellow Subsidiaries	SQS Software Quality Systems Egypt S.A.E, Egypt	8,123	340,423
	Fellow Subsidiaries	SQS India Infosystems Private Limited, India	3,985,817	-
	Fellow Subsidiaries	SQS Portugal, Sist. de Qualidade de Software, Lda	6,734,660	-
	Fellow Subsidiaries	SQS Group Limited, UK	4,410,012	-
Loans and advances (Loan Given)	Fellow Subsidiaries	SQS Group Limited, UK	42,790,500	23,115,000
Provision for expenses	KMP	Dr. Martin Müller	3,045,085	2,560,000
Final dividend payable	Holding Company	SQS Software Quality Systems AG, Germany	115,076,020	115,076,020

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 is generally a Bank. There are no Forward contracts pending as at the Balance Sheet date.

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, 2016

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

Particulars	FCY	March 31, 2016		March 31, 2015	
		FCY	Rs.	FCY	Rs.
Trade receivables	GBP	1,163,076	110,596,882	913,240	84,438,181
Trade receivables	USD	2,412,835	160,043,344	4,392,974	274,956,220
Trade receivables	EUR	2,424,953	182,113,937	2,437,546	164,558,697
Trade receivables	SGD	166,921	8,182,488	242,278	11,055,139
Trade receivables	AUD	255,010	12,941,758	121,960	5,879,692
Trade receivables	MYR	26,961	454,290	45,646	771,422
Trade receivables	ZAR	255,420	1,126,402	-	-
Loans and advances	USD	174,432	11,570,104	156,226	9,778,175
Loans and advances	SGD	132,908	6,515,170	64,319	2,934,864
Loans and advances	GBP	573,345	54,519,357	363,488	33,608,091
Loans and advances	AUD	12,715	645,264	2,200	106,062
Loans and advances	AED	578,304	10,444,167	252,474	4,309,724
Loans and advances	EUR	126,018	9,463,974	97,326	6,570,492
Loans and advances	MYR	26,885	453,011	26,885	454,355
Trade payables	GBP	135,758	12,909,269	203	18,777
Trade payables	SGD	2,564	125,687	-	-
Trade payables	USD	79,655	5,283,486	523,458	32,763,251
Trade payables	EUR	123,069	9,242,495	49,855	3,365,709
Trade payables	AED	13,549	244,691	230,985	3,942,914
Trade payables	MYR	630	10,615	6,091	102,938
Trade payables	SAR	-	-	5	89
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	57%	617,380,751	86%	318,645,908
Subsidiaries				
Foreign				
1) SQS BFSI Pte.Ltd., Singapore	4%	44,509,860	3%	12,886,414
2) SQS BFSI Inc, USA	10%	106,826,621	5%	17,192,491
3) Thinksoft Global Services (Europe) GmbH, Germany	1%	9,138,685	0%	884,070
4) SQS BFSI UK Ltd., UK	28%	308,245,272	3%	12,902,034
5) SQS BFSI FZE., UAE	0%	4,834,393	2%	6,480,316
Subtotal	43%	473,554,831	14%	50,345,325
Grand Total	100%	1,090,935,582	100%	368,991,233

Notes to Consolidated Financial Statements for the period ended March 31, 2016

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 LLP
Chartered Accountants
Firm's Regn. No.003990S/S200018

For and on behalf of the Board of Directors

T V Balasubramanian
Partner
Membership No. : 027251

David Bellin
Chairman & Director

Aarti Arvind
Managing Director

N Vaidyanathan
Executive Director & CFO

S Sampath Kumar
Company Secretary

Place : Chennai
Date : April 28, 2016

Place : Chennai
Date : April 28, 2016



Team SQS BFSI @ Odyssey 2016



SQS India BFSI Limited

(formerly Thinksoft Global Services Limited)

6A, Sixth Floor, Prince Infocity II,

No. 283/3 & 283/4, Rajiv Gandhi Salai (OMR),

Kandanchavadi, Chennai – 600 096, India,

Phone: +91 44 4392 3200