

SQS India BFSI Limited

CIN No:L64202TN1998PLC066604

Registered & Corporate office : 6A, Sixth Floor, Prince Infocity II, No. 283/3 & 283/4,

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Statement of Consolidated Audited Financial Results for the Quarter and year ended March 31, 2018

(Rs. in Millions)

S. No.	Particulars	Quarter ended			Year ended	
		31-Mar-18	31-Dec-17	31-Mar-17	31-Mar-18	31-Mar-17
		(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)
1	Revenue From Operations	756.35	703.98	575.29	2,764.38	2,599.48
2	Other Income	37.76	6.15	4.34	80.60	10.62
3	Total Income (1+2)	794.11	710.13	579.63	2,844.98	2,610.10
4	EXPENSES					
	a) Employee benefits expense	492.63	479.32	350.74	1,841.18	1,580.05
	b) Finance costs	2.87	-	1.96	2.87	1.96
	c) Depreciation and amortization expense	13.98	13.54	14.07	55.50	51.96
	d) Other expenses	139.04	135.47	144.68	466.29	605.86
	Total expenses (4)	648.52	628.33	511.45	2,365.84	2,239.83
5	Profit/(loss) before exceptional items and tax (3-4)	145.59	81.80	68.18	479.14	370.27
6	Exceptional Items	-	-	-	-	-
7	Profit/(loss) before tax (5-6)	145.59	81.80	68.18	479.14	370.27
8	Tax expense					
	a) Current Tax	45.27	29.88	18.11	163.35	125.39
	b) Deferred Tax	(3.02)	(1.09)	4.05	(3.96)	6.75
9	Profit/(loss) for the period (7-8)	103.34	53.01	46.02	319.75	238.13
10	Other Comprehensive Income					
	A (i) Items that will not be reclassified to profit or loss	0.70	3.14	(2.37)	(1.18)	(9.47)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	(0.24)	(1.09)	0.82	0.41	3.28
	B (i) Items that will be reclassified to profit or loss	-	-	-	-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-
11	Total Comprehensive Income for the period (9+10) (Comprising Profit/(Loss) and Other Comprehensive Income for the period)	103.80	55.06	44.47	318.98	231.94
	Attributable to:					
	Owners of the parent	103.80	55.06	44.47	318.98	231.94
	Non-controlling interests	-	-	-	-	-
	Of the Total Comprehensive Income above, Profit for the year attributable to:					
	Owners of the Parent	103.34	53.01	46.02	319.75	238.13
	Non-controlling interests	-	-	-	-	-
	Of the Total Comprehensive Income above, Other Comprehensive income attributable to:					
	Owners of the Parent	0.46	2.05	(1.55)	(0.77)	(6.19)
	Non-controlling interests	-	-	-	-	-
12	Paid Up Equity Share Capital (Face value of Rs.10/- each, fully paid up)	107.10	106.98	106.80	107.10	106.80
13	Other Equity	-	-	-	1,178.85	1,164.43
14	Earnings per Equity Share (Face value of Rs.10/- each) (for continuing operations) (Refer note no. 12)					
	- Basic (Rs.)	9.66	4.96	4.31	29.90	22.31
	- Diluted (Rs.)	9.66	4.95	4.30	29.90	22.26

See accompanying notes to the Consolidated Financial Results.

Consolidated Balance Sheet as at March 31, 2018		(Rs. In Millions)	
Particulars	31-Mar-18	31-Mar-17	
ASSETS			
A. NON CURRENT ASSETS			
(a) Property, Plant and Equipment	212.93	246.72	
(b) Intangible Assets	10.69	19.84	
(c) Financial Assets			
(i) Loans	8.67	18.71	
(ii) Other Non Current Financial Assets	0.38	2.00	
(d) Deferred Tax Asset (Net)	16.94	12.57	
(e) Income Tax Asset (Net)	24.73	21.99	
(f) Other Non current Assets	4.60	4.19	
TOTAL NON CURRENT ASSETS	278.94	326.02	
B. CURRENT ASSETS			
(a) Financial Assets			
(i) Trade Receivables	681.36	423.84	
(ii) Cash and Cash Equivalents	595.21	829.59	
(iii) Bank balances other than (ii) above	254.80	61.75	
(iv) Loans	17.25	10.59	
(v) Other Current Financial Assets	40.53	10.93	
(b) Other Current Assets	43.45	43.41	
TOTAL CURRENT ASSETS	1,632.60	1,380.11	
TOTAL ASSETS	1,911.54	1,706.13	
EQUITY AND LIABILITIES			
A. EQUITY			
(a) Equity Share Capital	107.10	106.80	
(b) Other Equity	1,178.85	1,164.43	
TOTAL EQUITY	1,285.95	1,271.23	
B. LIABILITIES			
1. CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Trade Payables	77.91	33.15	
(ii) Other Current Financial Liabilities	338.18	234.40	
(b) Other Current Liabilities	94.76	70.41	
(c) Provisions	17.51	15.63	
(d) Current Tax Liabilities (Net)	97.23	81.31	
TOTAL CURRENT LIABILITIES	625.59	434.90	
TOTAL EQUITY AND LIABILITIES	1,911.54	1,706.13	

Notes :-

- The above results which are published in accordance with Regulation 33 of the SEBI (Listing Obligation & Disclosure Requirements), 2015 have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on May 04, 2018. The Consolidated financial results are in accordance with the Indian Accounting Standards (Ind AS) as prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, Companies (Indian Accounting Standards) Amendment Rules, 2016 and the Companies (Indian Accounting Standards) Amendment Rules, 2017.
- The statutory auditors, Kalyaniwalla & Mistry LLP have issued report with unmodified opinion on the Consolidated financial results. Amounts for the quarter and year ended March 31, 2017 included in the Statement are based on the previously issued Consolidated financial results of the Company, prepared in accordance with the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 ('previous GAAP'), which were audited by the predecessor auditor, whose report dated April 27, 2017 expressed an unmodified opinion on the audited Consolidated Financial Results. The Management has adjusted these results for the differences in accounting principles adopted by the Company on transition to the Indian Accounting Standards ('Ind AS') which have been approved by the Company's Board of Directors and audited by the statutory auditors.
- The figures for the quarters ended March 31, as reported in these results are the balancing figures between audited figures in respect of the years ended March 31, and the published year to date figures up to the end of the third quarter of the relevant financial years. Also the figures up to the end of the third quarter had only been reviewed and not subjected to audit.
- The Company has prepared its Consolidated Financial Statements under Ind AS effective from April 1, 2017 with restated comparative figures for the previous year ended March 31, 2017. Accordingly, the Opening Consolidated Balance sheet, in line with Ind AS transitional provisions, has been prepared as at April 1, 2016. The following is the reconciliation between the Consolidated financial statement prepared as per 'Previous GAAP' and Ind AS for the quarter and year ended March 31, 2017 as per Ind AS 101, First time adoption of Indian Accounting Standards.

Particulars	(Rs. in Millions)	
	Quarter ended	Year ended
	31-Mar-17 (Audited)	31-Mar-17 (Audited)
Profit after Tax as reported under previous GAAP	43.10	230.61
Adjustments on account of Ind AS:		
Actuarial (gain)/loss on defined benefit liability recognised in Other Comprehensive Income	2.37	9.47
ESOP Compensation Cost	(0.33)	(0.33)
Fair value of security deposit and amortisation of deferred rent	(0.02)	(0.08)
Reversal of Allowance for Expected Credit Loss	2.44	2.44
Tax adjustments	(1.54)	(3.98)
Profit after Tax as reported under Ind AS	46.02	238.13
Other Comprehensive Income (net of tax)	(1.55)	(6.19)
Total Comprehensive Income as per Ind AS	44.47	231.94

Reconciliation of Equity reported under Previous GAAP to Ind AS (Rs. in Millions)

Particulars	Year ended
	31-Mar-17
	(Audited)
Total equity reported under Previous GAAP	1,271.61
Adjustments on account of Ind AS:	
Fair value of security deposit and amortisation of deferred rent	(0.08)
Allowance for Expected Credit Loss	(0.67)
Tax adjustments	0.37
Total equity as per Ind AS	1,271.23

- The Chief Operating Decision Maker (CODM) evaluates the performance of the Group based on revenue and operating income in one segment i.e. "Software Validation and Verification Services" relating to banking and financial services industry. Accordingly, as per Ind AS-108, the Group has only one business segment and hence segment information has not been separately disclosed.
- The Board of Directors of the Company have recommended a final dividend of Rs. 20/- per equity share of Rs. 10/- each.

- Other Income (Sl. no. 2) and Other Expenditure (Sl. No. 4 d) above includes Net Foreign Exchange Gain/ Loss for the period as detailed below: (Rs. in Millions)

Particulars	Quarter ended			Year ended	
	31-Mar-18	31-Dec-17	31-Mar-17	31-Mar-18	31-Mar-17
	(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)
Net Exchange Gain / Loss					
Other Income	29.44	-	-	60.43	-
Other Expenses	-	15.61	37.71	-	103.90

- Financial Results of SQS India BFSI Limited (Standalone information): (Rs. in Millions)

Particulars	Quarter ended			Year ended	
	31-Mar-18	31-Dec-17	31-Mar-17	31-Mar-18	31-Mar-17
	Net Sales / Income from Operations	756.35	703.98	575.29	2,764.38
Profit/ (Loss) before tax	135.36	78.12	69.02	429.73	345.49
Net Profit/ (Loss) from after tax	94.62	51.95	48.64	280.07	223.86

- The Consolidated Financial Results include the results of 100% Wholly owned Subsidiaries, i.e. SQS BFSI Inc., USA, SQS BFSI PTE. Ltd., Singapore, SQS BFSI FZE, UAE and SQS BFSI UK Ltd, UK. During the current quarter, Thinksoft Global Services (Europe) GmbH, Germany (a wholly owned subsidiary) has been liquidated and an amount of INR 9.60 Million has been repatriated to SQS India BFSI Limited representing share capital and accumulated profits at the date of liquidation. There is equivalent amount of assets and liabilities outstanding as at March 31, 2018, pending settlement, which has been included in the consolidated financial statements as at March 31, 2018.
- Assystem Services Deutschland GmbH ("Acquirer") and SQS Software Quality Systems AG ("Person Acting in Concert") have made an Open Offer for acquisition up to 27,85,480 fully paid-up Equity Shares of face value of Rs. 10/- each, representing 26% of the voting share capital, at a price of Rs. 482.95 per share from the eligible shareholders of the Company. The date of commencement and closure of Tendering Period is: Thursday, May 03, 2018 to Wednesday, May 16, 2018 (both days inclusive).
- During the quarter and year ended March 31, 2018, 12,250 and 30,500 stock options respectively have been exercised under the Employee Stock Options Scheme, 2012. These stock options have vested in earlier years.
- The earnings per share (basic and diluted) for the interim periods have not been annualised.
- The Company has changed its presentation from "Rs. in millions" to "Rs. in millions upto two decimals". Accordingly, the figures of previous periods/year have been rearranged to conform to the current period presentation.
- The prior period's figures have been regrouped / reclassified wherever necessary to conform to current quarter / period's classification.

By order of the Board
For SQS India BFSI Ltd

Place: Chennai
Date: May 04, 2018

Aarti Arvind
Managing Director & CEO