EXPLEO SOLUTIONS LTD.
(FORMERLY KNOWN AS SQS INDIA BFSI LTD.)

Annual Report FY 2018 – 2019

Think bold, act reliable

(expleo)

Expleo Solutions Limited
(formerly known as SQS India BFSI Limited)

Corporate information

BOARD OF DIRECTORS	René Gawron Chairman & Director Prof. K. Kumar Deputy Chairman & Independent Director Balaji Viswanathan Managing Director & CEO Lilian Jessie Paul Independent Director Olivier Aldrin Non-Executive Director Prof. S. Rajagopalan Independent Director Rajiv Kuchhal Independent Director Ralph Gillessen Non-Executive Director Ulrich Bäumer Independent Director
CHIEF FINANCIAL OFFICER	Desikan Narayanan
COMPANY SECRETARY & COMPLIANCE OFFICER	S. Sampath Kumar
AUDITORS	Kalyaniwalla & Mistry LLP Chartered Accountants Esplanade House, 29, Hazarimal Somani Marg, Fort, Mumbai – 400 001.
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	Cameo Corporate Services Limited Subramanian Building No.1, Club House Road, Chennai - 600 002, Tel. +91 044 2846 0390 / 044-40020700, email: investor@cameoindia.com website: http://www.cameoindia.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@sqs.com, website: www.sqs-bfsi.com

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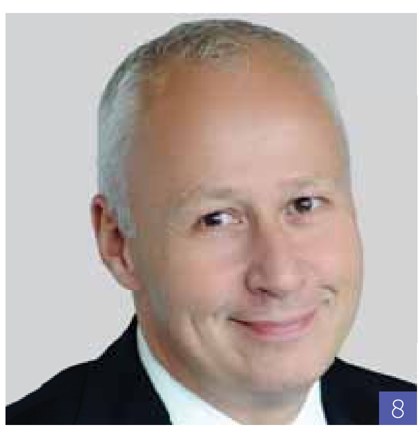
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1. René Gawron

Chairman and Director (Non-Executive)

René is a Chairman and Director of Expleo Solutions Limited. Rene Gawron has held various positions including Head of Business Development for mobile telecom networks at Siemens AG. His most recent position was CFO at SQS. René Gawron is a graduate of Freie University of Berlin (Germany).

2. Prof. K. Kumar

Deputy Chairman & Independent Director

Kumar is Deputy Chairman and Independent Director of Expleo Solutions Limited. He has over three decades of experience as a corporate manager, consultant, entrepreneur and in academia. Kumar holds a bachelor's degree in Electrical & Electronics Engineering (Madurai Kamaraj University) and obtained both the PGDM and Fellowship (Doctoral level) qualifications from the Indian Institute of Management, Bengaluru (IIM-B). In his current role as Professor of Entrepreneurship at Indian Institute of Management, Bengaluru (IIM-B), he is involved in teaching, research and entrepreneurship promotion initiatives. His corporate experience includes a consulting role at Tata Consultancy Services (1991-95) and as CEO (1995-2001) and President (2005-2006) of Trigent Software Ltd.

3. Balaji Viswanathan

Managing Director and CEO

Balaji is the Managing Director and CEO of Expleo Solutions Limited. Balaji is a Physics Graduate with an Intermediate in Cost Accounting, he comes with close to 25 years of professional experience in the financial services domain of which 16 years have been in the Financial Services Industry and 8 years in the Outsourcing/ Offshoring of Financial Services. His last assignment was as Senior Director in charge of Global Delivery for BFSI services at Concentrix which is the outsourced business division of SYNNEX Corporation, a Fortune 500 company listed on the NYSE. Balaji also worked with Serco, IBM Daksh (acquired by Concentrix in 2014), Jio Payments Bank, Yes Bank and HDFC Bank where he has garnered a strong domain knowledge of Banking Products, Process and Technology, He also spent 3 years with Mastercard International responsible for operations and technology in South Asia.

4. Lilian Jessie Paul

Independent Director

Lilian Jessie Paul is an Independent Director of Expleo Solutions Limited. Jessie Paul has 25 years of experience as a marketer. She was Global Brand Manager of Infosys, headed marketing for iGATE (now a part of CapGemini) and was Chief Marketing Officer of Wipro Technologies. She commenced her career with Ogilvy & Mather Advertising. In 2010, Jessie Paul founded Paul Writer (www.paulwriter.com), a marketing advisory firm that works with clients to design targeted outreach campaigns that result in business impact. Clients include Adobe, IBM, LinkedIn, Manipal Global, and Oracle. She now drives the Paul Writer Impact Network, an agency network dedicated to managing and optimising the complete buyer journey. Jessie is frequently cited as a marketing expert in publications and is the author of No Money Marketing, published by Tata McGraw-Hill. She publishes a newsletter that reaches India's top marketers and has crossed 400 issues. She holds an MBA from Indian Institute of Management, Kolkata, and a bachelor's degree in computer science and engineering from National Institute of Technology, Trichy.

5. Olivier Aldrin

Director (Non-Executive)

Olivier Aldrin is the Director (Non-Executive) of Expleo Solutions Limited. Olivier Aldrin is the Chief Executive Officer of Expleo Group. After starting his career at Arthur Andersen, Olivier Aldrin has held the positions of Chief Financial Officer and Deputy Chief Executive Officer at various digital services companies (Serete, Thales IS, Ingenico, Econocom). His previous roles include Deputy General Manager in charge of Finance at Altran Technologies and CEO of Assystem Technologies. Olivier is a graduate of Neoma Business School (France).

6. Prof. S Rajagopalan

Independent Director

Rajagopalan is an Independent Director of Expleo Solutions Limited. He is a Bachelor of Technology (B.Tech) in Chemical Engineering from Indian Institute of Technology, Post Graduate Diploma in Management from Indian Institute of Management, Bengaluru and he has earned doctorate from Indian Institute of Technology, Kanpur. He was the CEO of the Karnataka State Council for Science and Technology for 14 years and also was Founder and Chairman of TIDE an NGO. Since 2008, he is a professor at the International Institute of Information Technology, Bengaluru.

7. Rajiv Kuchhal

Independent Director

Rajiv is an Independent Director of Expleo Solutions Limited. Rajiv is seasoned professional with more than 30 years experience in IT and related areas. He spent many years at Infosys heading Telecom and Product Engineering Services. He was founding member of Infosys BPO and was COO at OnMobile. He is currently partner at Exfinity Venture Partner. Rajiv is graduate from IIT Delhi.

8. Ralph Gillessen

Director (Non-Executive)

Ralph Gillessen is the Director (Non-Executive) of Expleo Solutions Limited. Ralph Gillessen spent his first professional years at Time Warner as an IT systems and business analyst before he moved into consultancy and held various senior business development and consultancy positions. Ralph joined SQS in 2002 and entered the board by an internal promotion in 2013, and became the COO in 2015 where he managed the global sales, delivery and operation organisation. Ralph is a graduate of the University of Hagen (Germany).

9. Ulrich Bäumer

Independent Director

Ulrich is an Independent Director of Expleo Solutions Limited. He is a qualified lawyer and a partner in the technology group of the international law firm, Osborne Clarke. He advises the clients of the firm mainly in the areas of information technology and outsourcing. He drafts and negotiates complex international IT project (especially outsourcing and licensing) contracts and assists the technology clients of the firm in M&A transactions. He also advises in all other aspects of technology and licensing law. He advises many German and International companies on all aspects of IT law.

Letter to the shareholders

Mr René Gawron
Chairman

Dear Shareholders,

The Financial Year 2018-19 has been a milestone year with quite a few changes in the company and in the market as well. I would like to capture below about the new brand, our strength and our market positioning.

Your company for the Financial Year 2018-19 had a growth of 4% compared to the previous year. We reported revenue of INR 2888 Mn (288 crores) compared to INR 2786 Mn (278 crores) in Financial Year 2017-18. We achieved a Net Profit Margin of 12.5%, an increase of 13% on year on year basis. With a view to (a) optimizing returns to shareholders; (b) enhancing overall shareholders value; and (c) to optimize the capital structure of the Company, the Company for the first time offered Buyback of shares. We received an overwhelming response with an over subscription.

We successfully integrated into "Expleo" group and now are part of a Euro 1.1 bn group present in over 25 countries, predominantly in US, UK France, Germany and Other European Countries.

Our New Brand reflects who we are: client focused; technical, domain competent; ready to take on complex challenges to support our clients with the mixture of boldness and reliability that is critical to our clients. The name "Expleo" conveys the idea of exploring fresh opportunities and expanding horizons (in Latin Expleo means "to complete" and "to satisfy").

expleo
Think bold, act reliable

Expleo Solutions is the trusted partner for banks, financial service institution and insurance Companies as end-to-end, quality services and management consulting expert. By combining business insight, bold thinking and technical know-how, our combined entity provides us the ability and access to both leading edge technologies and deep industry knowledge. Expleo is active in the technology-intensive sectors that makes business and society more connected, sustainable and secure.

The Current Financial services organisations are caught in a balancing act. They are under pressure to meet shifting consumer expectations, or risk losing market share to agile FinTech start-ups and digital-native Challenger Banks. Traditional banks, often weighed down by complex legacy systems, must embrace and adopt new technologies, as quickly and securely as possible. Banks and Institutions are facing, increased pressure from regulation, designed to protect consumer rights, has made constant vigilance a business priority.

Our clients have embarked on this journey to change and we are well positioned to partner with them through this journey. Change is inherently risky and with our deep domain expertise along with the investments that the group has made in R&D through Digital Labs and the partners we are working with, the shift to a Technology enabled transformation partner is resonating well. A tech-first approach is now the only approach. With the BFSI Industry being in the forefront of Big Data, AI, Block Chain and Digital First initiatives with a focus on end customer satisfaction, we are positioning ourselves with Tech First, Agile and a First-time right approach as a Trusted, Reliable Partner with Bold ideas and approach.

We are the leading global specialist in quality assurance for financial services. Our consultants identify and mitigate business risk in technology-led transformations, using standardised methodology, industrialised automation solutions, global delivery and deep domain knowledge. With your Company as their trusted partner, clients will embed continuous quality to drive digitalisation and innovation. We work closely with global institutions, helping them to navigate the changes being driven by regulatory reform and digital disruption.

We have the insight and expertise to assure the processes and technologies across the entire financial services domain and Insurance. To stay ahead in the race, we have a group wide and within individual units a comprehensive upskilling program that will enable us to be equipped with the knowledge of the latest technologies, trends and best practice sharing across the organization.

With best-shoring capabilities and offices in 25 countries worldwide, we are as local and global as the Industry needs us to be and looking forwarding to working with our clients, Industry and partners to harness the technological changes and deliver innovations.

On behalf of Board, I would like to take this opportunity to thank our customers for their trust and business support, to our staff for their dedication and hard work and to you, our valued shareholders for your confidence and continued support.

Yours Sincerely,

René Gawron

Chairman

Performance highlights

Decade at a Glance (Consolidated Basis) **Rs. in Millions**

Particulars	2018-19	2017-18	2016-17	2015-16 #	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10
Gross Revenue**	2,828	2712	2599	2642	2142	1944	1614	1214	829	829
EBIDTA	591	538	424	605	389	499	326	224	61	105
Profit Before Tax	536	479	370	562	320	422	265	185	32	91
Profit After Tax	362	319	232	369	216	300	194	114	19	82
Property, Plant & Equipment and Intangible Assets: Gross Block	324	307	300	526	483	473	457	225	194	101
Property, Plant & Equipment and Intangible Assets: Net Block	189	224	267	248	243	274	312	109	112	42
Share Capital	107	107	107	106	105	103	101	101	101	101
Reserves and surplus	1,281	1179	1164	1239	911	980	781	655	599	592
Networth	1,388	1286	1271	1345	1016	1082	882	755	700	693
Sundry Debtors	457	681	424	541	567	558	413	236	229	159
Cash and Bank Balances	987	850	891	861	683	502	394	404	400	514
Current Assets	1,671	1633	1380	1519	1380	1157	952	899	762	789
Current Liabilities	536	626	435	490	560	290	289	263	183	149
Working Capital	1,135	1007	945	1029	820	867	663	636	579	640
Employee Strength (No.s)	962	1012	919	1076	907	905	782	742	661	499
No of Equity Shares ('000)	10713	10710	10680	10639	10545	10268	10124	10052	10052	10052
Earnings Per Share (Diluted) (Rs.)	33.79	29.9	22.3	34.6	20.6	28.7	19.0	11.3	1.9	8.8
Book Value per Share (Rs.)	129.6	120.1	119.0	126.4	96.4	105.4	87.1	75.1	69.6	68.9
Dividend - Rs. per share (Interim and Final)	-	24.0	24.0	24.0	24.0	9.0	6.0	5.0	1.0	1.0

EBITDA : Earnings before Interest, Depreciation,Taxes & Amortization
** Export incentives are reclassified to Other Income for the FY 18-19 & FY 17-18
# Figures are as per Ind AS format from the year 2015-16 onwards
One Million (Mn) is equal to Ten lakhs

Directors' report

Dear members

We are pleased to present the report on our business and operations for the year ended March 31, 2019.

1. Financial highlights for the year ended March 31, 2019:

(Rs. in Millions)

	Consolidated		Standalone	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Total Income	2,887.69	2,844.98	2,883.26	2,838.02
Employee benefits expense	1,833.59	1,841.18	1,249.77	1,153.57
Depreciation and amortization expense	54.99	55.50	54.76	55.36
General, administrative and other Expenses	462.76	466.29	1,097.79	1,203.38
Finance cost	0.67	2.87	0.67	2.87
Total Expenses	2,352.01	2,365.84	2,402.99	2,415.18
Profit/(loss) before exceptional items	535.68	479.14	480.27	422.84
Exceptional Items	-	-	-	6.89
Profit Before Tax	535.68	479.14	480.27	429.73
Tax expense	173.66	159.39	165.89	149.66
Profit After Tax	362.02	319.75	314.38	280.07
Other Comprehensive Income	(1.55)	(0.77)	(1.55)	(0.77)
Total Comprehensive Income	360.47	318.98	312.83	279.30
Earnings per Equity share (Par value of Rs. 10/- each)				
Basic (Rs.)	33.79	29.90	29.35	26.19
Diluted (Rs.)	33.79	29.90	29.35	26.19

2. Business and Operations Review:

Total operating revenue was Rs. 2,827.73 Mn for the Financial Year 2018-19 as compared to Rs. 2,712.33 Mn in the previous year, a growth of 4%.

During the year under review, repeat business from existing clients accounted for 97% revenue, increased from 88% in the previous year. New client acquisitions contributed to 3% revenue.

Total Comprehensive Income stood at Rs. 312.83 Mn, (representing 11% of revenues) as against Rs. 279.30 Mn (10% of revenues) in the previous year. Currency fluctuations resulted in a loss for the year of Rs. 26.94 Mn, compared to a gain of Rs. 53.72 Mn in the previous year.

Geographically, revenue from Europe increased by 9%. Business derived from Europe was 68% of our revenues (Previous year 65%) 27% from India, the Middle east, Asia and Australia (previous year 27%) and 5% from US (Previous year 8%). The proportion of Onsite to offshore revenue stood at 58% / 42% compared to 61% /39% in the previous year.

The revenue from Group clients for financial year 2018-19 has remained the same as the previous financial year at 19% of revenue. On the practice front, Banking practice grew by 12% compared to the previous year, contributing 38% of revenues.

Employee strength, as on March 31, 2019, for the standalone entity was 889 (consolidated 962) compared to 914 (consolidated 1,012) in the previous year. Women employees for the standalone entity count stood at 326 (37%) compared to 305 (33%) in the previous year. For the consolidated, women employees stood at 340 (35%) compared to 324 (32%) in the previous year. The attrition rate stood at 24% for the year ended March 31, 2019 compared to 20% in the previous year.

3. Capital expenditure:

During the financial year 2018-19, we added Rs. 23.47 Mn to our gross block with capital expenditure, which comprised of Rs. 12.04 Mn on account of technology infrastructure, Rs. 10.98 Mn through physical infrastructure, and the balance Rs. 0.45 Mn through intangible asset addition.

4. Liquidity:

The Company continues to maintain comfortable cash balances to meet its strategic objectives. The liquid assets as at the end of the year stood at Rs. 1,139.96 Mn (against Rs. 1,131.05 Mn in the previous year). Our Cash balance stood at Rs. 839.71 Mn as compared to Rs. 562.60 Mn in the previous year.

5. Change of Name of the Company:

During the year, the Board of Directors in their meeting held on Febuary 11, 2019 have approved the change of name of the Company from SQS India BFSI Limited to **"EXPLEO SOLUTIONS LIMITED"**. The members of the Company, vide postal ballot results of which was declared on March 28, 2019, approved the change of Company's name. Consequently, the Company obtained new Certificate of Incorporation pursuant to change of name dated April 10, 2019 from the Registrar of Companies, Ministry of Corporate Affairs, Chennai.

6. Share capital:

At the end of the financial year March 31, 2019, the Company's Paid-up Equity Share Capital stood at Rs.107.13 Mn, consisting of 1,07,13,381 fully Paid-up Equity Shares of Rs. 10/- each. The exercise of employee stock options granted under Thinksoft ESOP Scheme, 2011, resulted in the allocation of 3,000 equity shares during the financial year 2018-19 to employees. As a result, the Company's Paid-up Equity Share capital increased to Rs.107.13 Mn from Rs. 107.10 Mn. The details of the Thinksoft ESOP Scheme, 2011 and the requirement as specified under Regulation 14 of SEBI (Share Based Employee Benefits) Regulations, 2014 is available at the Company's website at http://www.sqs-bfsi.com/corporate-governance-policies.php. The disclosure in compliance of Rule 12 of Companies (Share Capital and Debentures) Rules, 2014, is attached to this report as **Annexure I**.

7. Net worth:

The Company's net worth stood at Rs. 1,068.82 Mn as at March 31, 2019 as against Rs. 1,013.96 Mn at the end of the previous year.

8. Transfer to general reserve:

During the financial year, the Company transferred Rs. 31.00 Mn (previous year - Rs. 28.00 Mn) to the general reserve, which represents 10% of the net profit of the Company. As a result, the total amount of general reserve as on March 31, 2019 was Rs. 212.09 Mn (previous year - Rs. 181.09 Mn).

9. Dividend:

The Company has not declared or recommended any Dividend during the Financial Year 2018-19.

10. Subsidiaries:

During the year, your Company had initiated change of name of its wholly owned subsidiary Companies to reflect the Group Brand **"Expleo"**. The names of wholly owned subsidiaries located in Singapore and United kingdom are changed and the wholly owned subsidiaries in USA and UAE are in the process of change.

The Company operates internationally through four wholly-owned subsidiaries:

a) Expleo Solutions Pte. Ltd., Singapore (formerly known as SQS BFSI PTE. LTD)

b) Expleo Solutions UK Ltd., UK (formerly known as SQS BFSI UK LTD)

c) SQS BFSI Inc., USA

d) SQS BFSI FZE., UAE

The Board of Directors of the Company reviewed the affairs of the wholly owned subsidiaries of the Company for the financial year 2018-19. In accordance with Section 129(3) of the Companies Act, 2013, the Company has prepared the Consolidated Financial Statements of the Company, which forms part of this Annual Report. Further, a separate section on the salient features, performance and financial position of each of the subsidiaries or associate companies and their contribution to the overall performance of the Company during the period under report, as prescribed under

Section 129(3) of the Companies Act, 2013, read with Rule 5 and Rule 8(1) of Companies (Accounts) Rules, 2014, can be found in **Annexure II**.

The Audited Annual Accounts and related information of subsidiaries or associate companies, 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 Annual Financial Statements shall also be available on the website of the Company.

11. Annual Return:

The extracts of the Annual Return for the financial year ended March 31, 2019, as prescribed under Section 92(3) and Section 134(3)(a) of the Companies Act, 2013, read with Rule 12 of Companies (Management and Administration) Rules, 2014, is given in **Annexure III**. The same is disclosed in the website of the Company http://www.sqs-bfsi.com/agm-and-annual-reports.php.

12. Number of meetings of the Board:

The Board met seven times during the financial year. The dates on which the said meetings were held are as follows: May 4, 2018; July 26, 2018; August 09, 2018; October 25, 2018, January 31, 2019, February 11, 2019 and March 29, 2019.

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, and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

13. 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, 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.

14. 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, and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, for being an Independent Director of the Company.

15. Policy on Directors' appointment and remuneration:

The Company has a policy in place 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, and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended. There has been no change in the policy since the last financial year. The details of the remuneration policy are covered in the Corporate Governance Report.

16. Particulars of loans, guarantees or investments:

The Company has neither given any loan to any person nor 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. The Company has the following investments in its wholly-owned subsidiaries as specified under Section 186 of the Companies Act, 2013:

Rs. in Millions

Particulars	March 31, 2019	March 31, 2018
Unquoted equity Instruments (in Subsidiaries)		
100,000 equity shares (Previous year - 100,000 equity shares) of SGD 1/- each in Expleo Solutions Pte. Ltd., (formerly known as SQS BFSI Pte. Ltd.), Singapore	2.66	2.66
3,000 equity shares (Previous year - 3,000 equity shares) of USD 0.01/- each in SQS BFSI Inc., USA	4.62	4.62
350,000 equity shares (Previous year - 350,000 equity shares) of GBP 1/- each in Expleo Solutions UK Ltd., (formerly known as SQS BFSI UK Ltd.), UK	24.17	24.17
600 equity shares (Previous year - 600 equity shares) of AED 1,000/- each in SQS BFSI FZE., UAE	8.70	8.70

17. Particulars of contracts or arrangements with related parties:

During the year 2018-19, all 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 total value of all the transactions with M/s. Expleo Groupe SAS (formerly known as Assystem Technologies Groupe SAS) along with its subsidiaries have exceeded the threshold limit of 10% of the previous year consolidated turnover of the Company. These transactions have been classified as "Material Transactions" as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended. However, the aforesaid transactions fall within the limits as approved by the Shareholders in the Annual General Meeting held on July 26, 2018. There is no material 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 prior approval.

In respect of transactions with the wholly-owned subsidiaries which are foreseen and repetitive in nature, prior omnibus approval of the Audit Committee is obtained on an annual basis. The transactions entered 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 of Directors is available on the Company's website. The link for the same is https://www.sqs-bfsi.com/_resources/Policy-on-materiality-of-Related-Party-Transactions.pdf. 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**.

18. Material changes and commitments, if any, affecting the financial position of the Company:

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

19. Transfer to Investor Education and Protection Fund ("IEPF"):

Pursuant to the applicable provisions of the Companies Act, 2013, read with the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('the Rules'), all unpaid or unclaimed dividends are required to be transferred by the Company to the IEPF established by the Government of India, after the completion of seven years. Further, according to the Rules, the shares on which dividend has not been paid or claimed by the shareholders for seven consecutive years or more shall also be transferred to the Demat account of the IEPF Authority. During the financial year 2018-19, an amount of Rs. 151,338/-, which was lying in the Final Dividend account pertaining to the year 2010-11 and an amount of Rs. 292,172/- lying in the Interim Dividend account pertaining to the year 2011-12 of the Company was transferred to the IEPF on completion of 7 years.

Pursuant to proviso to Rule (6) of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended from time to time, wherein the seven years period provided under sub-section (5) of Section 124 is completed for unpaid / unclaimed dividends during 2018-19, the Company had transferred 2,772 Equity Shares to the credit of IEPF Authority, in respect of shareholders who have not claimed their Dividend for a consecutive period of 7 years.

Members who have so far not encashed their dividend warrant(s) or those yet to claim their dividend amounts, may write to the Company Secretary & Compliance Officer / Company's Registrar and Share Transfer Agent (Cameo Corporate Services Limited).

The details of shareholders in respect of whom the shares were transferred to IEPF Authority are available in the website and link for the same is http://www.sqs-bfsi.com/ transferred-iepf.php.

20. Conservation of energy, research and development, technology absorption, foreign exchange earnings and out go:

(A) Conservation of energy:

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

The Company always endeavour on the eco-friendly and go-green initiatives. The Company continues to work on reducing its carbon footprint, energy conservation and usage of alternative energy, wherever possible. The Company continues to deploy adequate measures to conserve energy by using less power consuming USFF based computers, implementations of LEDs for perimeter lighting in the MEPZ premise. The Company is also in the process on optimizing lighting equipment resulting in overall reduction of light bulbs etc in addition to conversion to LED bulbs. VRF based Air-conditioning and sensor based lighting in all cabins and meeting rooms has significantly reduced the electricity consumption and also the carbon footprint. As a part of go-green initiatives trees, the Company continues to plant new trees in the MEPZ facility to commemorate any significant event in the organisation like a customer visit or retirement of an employee.

(ii) Steps taken by the Company for utilizing alternate sources of energy: The Company's registered office is located in a tech park wherein close to 80% of the energy consumed is being sourced from the grid using wind turbines, thus promoting 'Green Energy'.

(iii) Capital investment on energy conservation equipment : Nil

(B) Research & Development and Technology absorption:

(i) The company has significantly contributed in developing a technology hub in India called Digital Labs which helps customers in their digital transformation projects such as DevOps, Continuous Integration & Deployment (CI/CD), Infrastructure as Code (IaC), Performance Engineering, Security Engineering and Robotic Process Automation (RPA). The company is leading the light for group in transforming its workforce into Digital. The entire Expleo India Delivery team has been motivated to take up development and technical certifications in order to help customers in their digital journey.

(ii) Our steadfast focus on RPA and investments on Data Scientists have yielded successful collaborations in proving our Data Analytics and Deep Learning talents to Microsoft and Blueprism the market leader in AI and Robotic Process Automation in the areas very relevant to BFSI such as Anti Money Laundering (AML).

(iii) Our Digital capabilities have helped us to emerge as "Leaders" in "Next Generation Testing Services", "AI based Cognitive Testing Services" and "Mobile Testing Services" areas from prestigious Nelson Hall as part of its NEAT Report 2019. This is a great recognition and motivation for our Digital Labs group.

(iv) The Company has developed newer cutting edge technological skills in Deep Learning and Machine Learning Data Analytics with Python and R programming language and also in connected cars, Robotics and IoT (internet of things) and ROS (Robotic Operating System). These skills will help the company to transform quickly and be a fit vessel to execute projects in cutting edge technologies from Expleo Group as and when required. The company continues to focus on enabling its accelerators and tools with AI and Machine Learning to make them more interactive, easy-to-use and accurate.

(v) As part of the Data-Q service line, the company has developed an in-house accelerator - Data Feeds inspection Tool (DFiT) - a tool based framework for verifying Regulatory reporting data feeds, using ready to use rules repository for AnaCredit, MiFID II, EMIR etc. DFiT helps to identify and remediate the inconsistencies in regulatory reporting data feeds before submission to the regulator.

(vi) The company has been investing in developing a cutting edge testing productivity accelerator called ScriptGenie that helps testers to fast-forward test script preparation directly from domain repository. Currently, ScriptGenie is being used as internal productivity improvement tool for Cards & Payments projects in managed service engagements.

(vii) The enhanced video conference systems of the Company by moving towards using Microsoft Skype for business as its primary business-meeting platform, with an objective of reducing travel cost has started providing results.

(viii) The procurement system continuously ensures cost effective purchases of the hardware, more through local vendors, thereby reducing imports dependency. Where required, the Company also imports servers, switches etc., and using foreign currency from out of its Exchange Earners' Foreign Currency (EEFC) accounts.

(ix) There is no imported technology 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. 2,943.10 Mn Foreign exchange outgo during the year in terms of actual outflows was Rs. 634.33 Mn.

21. Risk management:

The Company is committed to effectively manage its operational, financial and other risk with a view to achieve a balance between acceptable levels of risk and reward. The Company has a policy on risk assessment and minimization procedures which describes the risk management methodology, structures and systems involving personnel at all levels of the Company to manage various business uncertainties and to enable arriving at the right decisions pertaining to all business divisions and corporate function. Risk Management in the Company includes identification, assessment, monitoring and mitigation of various risks through a comprehensively evolved process over the years.

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.

22. Adequacy of Internal Financial Controls:

The Company has a proper and adequate system of internal controls. This ensures that all transactions are authorised, recorded and reported correctly and assets are safeguarded and protected against loss from unauthorized use or disposition. In addition, there are operational controls and fraud risk controls, covering the entire spectrum of Internal Financial Controls.

An extensive programme of internal audits and management reviews supplement the process of Internal Financial Control framework. Properly documented policies, guidelines and procedures are laid down for this purpose. The Internal Financial Control framework has been designed to ensure that the financial and other records are reliable for preparing financial and other statements and for maintaining accountability of assets. In addition, the Company has identified and documented the risks and controls for each process that links to the financial operations and reporting.

The Company also has an Audit Committee, comprising of 4 (Four) Directors, who interact with the Statutory Auditors, Internal Auditors and Management in dealing with matters within its terms of reference. This Committee mainly deals with accounting matters, financial reporting and internal controls.

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

- Defining controls, governance and standards, which includes policies and procedures, organizational structures and performance objectives;
- Establishing control designs, which includes roles and responsibilities, risk identification and 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, if any, in the respective areas are undertaken and controls strengthened. Significant audit observations and responses/corrective actions, if any, are presented to the Audit Committee of the Board.

During the year, review of Internal Financial Control (IFC) has been carried out by the Statutory Auditors and the report thereat annexed as part of Independent Auditor's Report.

23. Corporate Social Responsibility:

Expleo Solutions has always been a forerunner in implementing various schemes benefitting surrounding communities. This is visibly demonstrated in the various Corporate Social Responsibility ("CSR")initiatives undertaken by the company. Being in the knowledge intensive industry, the focus is on the following key areas:

i. Infrastructure support for education in rural areas
ii. Support the education of the differently abled and the underprivileged
iii. Create awareness and raise the Scientific tempo in underprivileged communities
iv. Access to Education for underprivileged children
v. Promote a clean and green environment
vi. Prime Minister Relief Fund

i. Infrastructure support for education in rural areas

Project Site: TT Motor Village of Penambet block of Vellore district, Tamilnadu.

Target Benefit group: approx. 254 boys and 248 girls from below poverty line group

The Company has since 2014-15 identified schools especially in Vellore and Gingee Taluk and has been providing support for creating and enhancing the infrastructure of the identified schools in terms of sanitation, access to water and good class room conditions.

During the current year, Expleo contributed to the creation of the following infrastructure facilities

- Construction of underground Water storage tank (Sump)
- Construction of septic tank
- Distribution of hygiene kits
- Construction of new toilet for girls
- Providing sports material

These activities have resulted in the following benefits to the immediate community in the vicinity

- Basic toilet and sanitation facilities to the school students
- Improved attendance to school especially girl students

ii. Support the education of the differently abled and the underprivileged

Project Site: Vidya Sagar. Kotturpuram.

Target Benefit group: Specially challenged young people in Vidya Sagar

Expleo continues its association with Vidya Sagar by supporting multiple activities

a. The High School project for differently abled:

- The project helps in providing physiotherapy, speech, alternative and augmentative communication training to the differently abled children and helps them to enrol into the National Institute of Open Schooling (NIOS) to write their 10th and 12th exams.
- It also helps them to acquire functional skills and life skills thereby enabling them to get opportunities to explore vocations.
- The contribution to this project is utilised towards salary for therapists, special educator and pre-vocational trainers.

b. Encouragement for employee participation

At Expleo the employees are encouraged to play a key role in all the CSR activities and specially for Vidya Sagar. The employees can opt to contribute for a good cause for the children at Vidya Sagar and the company matches an amount equal to that of the employees' contribution as part of the CSR activity.

iii. Create awareness and raise the Scientific tempo in underprivileged communities

a. Tech La Bike program by Agastya International

Project Site: Chitoor, Palamner and Tirupati

Target Benefit group: Economically disadvantaged Government School Children

Expleo partnered with Agastya International foundation by contribution to TechLaBike project for the third consecutive year.

- Under this project hands-on science sessions and multimedia sessions are conducted in the identified government schools by the instructor of the Tech La Bike
- The instructor of the Tech La Bike used models covering a wide range of topics in Science subjects – Physics Chemistry and Biology to the disadvantaged children
- The program covered Chitoor, Palamner and Tirupati areas and supplements the government school system with experiential science learning.

b. Create Science Centre to target Economically underprivileged group within Chennai

Project Site: JaigopalGarodia Government girls HSC School, Virugambakkam.

Target Benefit group: Around 1100 girls from the economically disadvantaged group

A science centre has been set up in this school to increase access to practical, hands-on Science education for economically disadvantaged government school children. It not only sparks curiosity, creativity and build leadership among underprivileged children but also supplements government school system with experiential science learning linked to school syllabus. An instructor is appointed permanently at the school as part of this project.

- Expleo contibutions includes the fixed expense for science models and experiments, Installation and setup cost, furniture, refurbishing laptop, dongle and instructor training.
- Recurring expense would include instructor cost, utilities and maintenance and conducting special activities like teacher training, young instructor training etc.

iv. Access to Education for underprivileged children

Project Site: Thiruvalluvar Gurukulam, Uthiramerur, Kancheepuram District.

Target Benefit group: 105 tribal children from Narikuravar (gypsies), Malaivaazhummakkal (inhabitants of mountain regions) and Irular (traditionally snake catchers) communities.

Expleo partnered with Concern India Foundation for the second consecutive year towards salary for teachers, professional psychological counsellor and purchase of computers in support of education to children towards Educational programme for children from tribal communities in Uthramerur – Thiruvalluvar Gurukulam, Kancheepuram District.

- The above project trains Children on computer skills and spoken English.
- Apart from supporting education to children from socially and economically backward communities it provides training through social skills to lead a happy and healthy life.

  Through proper counselling the project aims to curtail dropout rates from schools amongst tribal children thus preventing child labour and child marriages.

v. Promote a Clean and Green Environment

Project Site: Multiple locations in Chennai and Mumbai

Target Benefit group: Farmers and to promote green environment

In order to support and contribute to a green environment, apart from implementing internal green steps, Expleo has carried out tree planting programmes in cities where our offices are located

- With active participation of our employees with the banner "Let them Live" – a pledge towards planting and protecting trees for a healthier, happier and cleaner plant - we have planted:
  i. 150 trees at Madras medical college, Chennai,
  ii. 200 trees at Farmer fields in Palekhurd, Panvel City, Navi Mumbai,
  iii. 250 trees at Saraswathi Vidyalaya, Chennai.
- We have also contributed for planting 1,250 fruit bearing and medicinal trees in and and around chengalpet and kanchipuram district which not only promotes a greener environment but the livelihood of farmers as well.

vi. Prime Minister Relief Fund

As part of the CSR activity of the company we also contribute to the Prime Minister's Relief Fund, which is utilized by the government for various welfare programmes in the country.

Additional details

The details about the policy developed and implemented by the Company on Corporate Social Responsibility and initiatives taken during the year are given in **Annexure V** as required under Companies (Corporate Social Responsibility Policy) Rules, 2014.

24. Composition and Recommendation 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

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

25. Vigil mechanism:

The Company has formulated and adopted a vigil mechanism for employees to report genuine unethical and improper practices or any other wrongful conduct in the Company to the Chairman of the Audit Committee. The Policy provides opportunities for employees to access the Audit Committee in good faith, if they observe unethical and improper practices. The amended Whistle Blower Policy of the Company is available in the website of the Company. The link for the same is https://www.sqs-bfsi.com/_resources/Whistle-Blower-Policy.pdf.

26. 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 have been followed along with proper explanation relating to material departures;

b. Accounting policies have 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 laid down by the Company and that such internal financial controls are adequate and these were operating effectively;

f. Proper systems were devised to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.

27. Board evaluation:

Pursuant to the provisions of the Companies Act, 2013, and SEBI (Listing Obligations Disclosure Requirements) Regulations, 2015, as amended, the Board of Directors of the Company in their meeting held on May 6, 2019, evaluated its own performance, that of its committees and individual directors including Independent Directors. No Director participated in his / her own evaluation.

The Independent Directors reviewed the performance of the Non-Executive Directors, Chairman and the Board at a meeting of Independent Directors held on January 29, 2019. The Board of Directors were evaluated on various criteria including attendance, participation in board meetings, their involvement by way of providing advice, guidance, suggestions on the business front and the willingness and commitment to devote their 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.

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

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

29. 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, as amended. 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 https://www.sqs-bfsi.com/_resources/familiarization-program-for-independent-directors.pdf.

30. Policy for determining material subsidiaries:

Pursuant to Regulation 16(1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, a policy for determining material subsidiaries has been formulated by the Company. The same is updated in the Company's website at https://www.sqs-bfsi.com/_resources/Policy-for-determining-Material-Subsidiary.pdf. and also dealt with elsewhere in the Annual Report.

31. Particulars of employees:

In accordance with the provisions of Section 197 of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, a statement containing the names of top ten employees in terms of remuneration drawn during the financial year and that of every employee employed throughout the financial year and in receipt of a remuneration of Rs. 1.02 crore or more per annum or employed for part of the financial year and in receipt of Rs. 8.50 lakhs per month is annexed and forms part of this Report in **Annexure VI A** and the ratio of remuneration of each director to that of median employees' remuneration as per Section 197 (12) of Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, forms part of this Report in **Annexure VI B**.

32. Directors & Key Managerial Personnel:

Mr. K. Ramaseshan (DIN 03025474) has submitted his resignation as Additional Director (Executive Director) and Chief Financial Officer (Key Managerial Personnel) of the Company due to personal reasons with effect from July 17, 2018 and was accepted by the Board. He continued to hold office as Chief Financial Officer (Key Managerial Personnel) up to September 21, 2018 for serving the notice period, as decided and approved by the Board.

Mr. Balaji Viswanathan (DIN 06771242) was appointed as Managing Director & CEO (Key Managerial Personnel) of the Company by the Board in their meeting held on July 26, 2018 with effect from September 1, 2018. Ms. Aarti Arvind, (DIN-07414979) has resigned as Managing Director and CEO (Key Managerial Personnel) of the Company with effect from August 31, 2018 due to personal reasons.

Mr. Ralph Franz Gillessen (DIN 05184138) was appointed as Additional Director (Non-Executive) of the Company by the Board of Directors in their meeting held on and with effect from August 9, 2018. His appointment was confirmed by the Shareholders as Non-Executive Director vide Postal Ballot Resolution dated March 26, 2019.

Mr. Diederik Vos (DIN 06744640) has submitted his resignation as Chairman & Director of the Company with effect from January 02, 2019 due to personal reasons. The Board of Directors have unanimously approved the appointment of Mr. René Gawron, existing Director of the Company as Chairman of the Board of the Company with effect from January 31, 2019.

Mr. Olivier Aldrin (DIN 08345218) has been appointed as Additional Director (Non-Executive) of the Company with effect from January 31, 2019. His appointment was confirmed by the Shareholders as Non-Executive Director vide Postal Ballot Resolution dated March 26, 2019.

Prof. K. Kumar (DIN 02343860), Prof. S. Rajagopalan (DIN 01584674), Mr. Rajiv Kuchhal (DIN 02257381) and Mr. Ulrich Bäumer (DIN 06763831) were re-appointed as Independent Directors with effect from April 01, 2019 for a further period of 5 years.

Mr. Desikan Narayanan was appointed as Chief Financial Officer (Key Managerial Personnel) of the Company by the Board of Directors in their meeting held on August 9, 2018 with effect from September 24, 2018.

Mr. Phani Tangirala, Senior Director – BFSI and Senior Management Personnel was appointed as Key Managerial Personnel of the Company w.e.f. April 1, 2019 by the Board of Directors in their meeting held on January 31, 2019.

33. 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.

34. Statutory Auditors:

M/s. Kalyaniwalla & Mistry LLP, Chartered Accountants, Mumbai, are the Statutory Auditors of the Company. They were appointed in the 19th Annual General Meeting and will hold office till the conclusion of 24th Annual General Meeting of the Company.

The report issued by the Auditors to the members for the financial year ended March 31, 2019 does not contain any qualification, reservation or adverse remark or disclaimer.

35. 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 Secretaries, COP No.8196 as the Secretarial Auditor of the Company in the Board Meeting held on May 4, 2018 for the financial year 2018-19. The Secretarial Audit Report issued by M/s. M. Alagar & Associates is annexed and forms part of this Report in **Annexure VII**.

The Secretarial Audit Report does not contain any reservation or adverse remark for the year under review. Further, the Company complies with the mandatory Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI) and notified by Ministry of Corporate Affairs (MCA).

36. 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.

37. Human potential:

There is a good old Management principle that states "If you think learning and development is expensive, then try estimating the cost of ignorance". The Company consciously adheres to this management principle and continues to invest in its employees to enhance its core competence and to attain competitive market position. We have been constantly focusing on enhancing technical capability of our employees to stay as an acute competitor in terms knowledge and preferred partner for our customers.

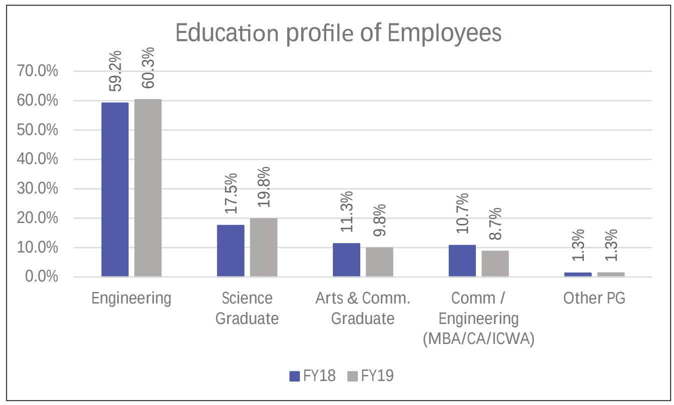
We maintain a strong learning culture and provide a wide range of opportunities for employees to learn, develop and progress in their careers. Here is the snapshot of technology programs we conducted:

Apart from technology program sufficient focus was given in the areas of soft skills and behavioural skills by leveraging Learning Management System and typical class room trainings. Launched Toast Masters club in Chennai to increase presentation skills of employees. Hyperion Financial Management Tool training was given to finance team to be in accordance with market trends. All these initiatives helped us to achieve 43.3 hours of average training as against industrial norm of 40 hrs.

We encouraged employees to take up different certifications like ISTQB, Agile, Certified Scrum Master, Prince2, PMP, TOSCA, RPA, etc. as a part of continuous improvement.

For the financial year 2019 - 2020, our emphasis would be to transform the organization to techno functional organization which is in alignment to our organization goal and market demand, one flagship program that we will focus this year would be QA to QE program (Quality Assurance to Quality Engineering).

Employees' with more than five years' experience with the Company was at 29% (27% in the previous year). The workplace diversity was at 35%, represented by women.



38. Quality, Technology and Systems:

The Company has established a Compliance Framework which follows a phased approach starting with establishing Legal, Contractual and Security requirements to be complied with, internal communication and creating awareness on requirements, integration of requirements with existing security and process framework for ongoing compliance, monitoring and audit for ensuring compliance, periodic assessment of maturing level of compliance processes and reporting and improvement of security framework.

The compliance framework has been independently assessed and certified by external certification bodies on an annual basis.

ISO 9001: 2015 (Quality Management System) & ISO 27001:2013 (Information Security Management System)

All offshore testing centers of the Company are certified for Quality Management System (ISO 9001: 2015) and Information Security Management System (ISO 27001: 2013).

The Company promote the adoption of a process approach when developing, implementing and improving the effectiveness of a quality management system, to enhance customer satisfaction by meeting customer requirements. The process approach involves the systematic definition and management of processes, and their interactions, to achieve the intended results in accordance with the quality policy and strategic direction of the Top Management. The Company adopts various forms of improvement in addition to correction and continual improvement, such as breakthrough change, innovation and re-organization.

The certification under ISO 27001:2013 evidences the Company's compliance with the requirements of establishing, implementing, operating, monitoring, reviewing, maintaining and improving a documented information security management system within the context of an organization's overall business risks. Information security in the Company is achieved by implementing a suitable set of controls, including policies, processes, procedures, organizational structures, software and hardware functions. The Company believes that the compliance with the requirements of this certification will help to improve the confidentiality, integrity, availability and business continuity of vital corporate and customer information, which may be essential to maintain competitive edge.

SSAE 18 (Statement on Standards for Attestation Engagements)/ISAE 3402 (the International Standard on Assurance Engagements):

The offshore TCoE (Testing Centre of Excellence) of the Company in Chennai is compliant with ISAE 3402 (the International Standard on Assurance Engagements) and SSAE 18 (Statement on Standards for Attestation Engagements). SSAE 18/ ISAE 3402 is an independent assessment report that provides the confidence on control procedures, adequacy and reasonable assurance in our service delivery and information security, data privacy related controls. SSAE 18 is more relevant for the US market while ISAE 3402 is relevant for the rest of the world This report has been prepared to provide information on the Application Testing services and related General Computer Controls for the services provided to Clients by the Company. The assessment report illustrates the positive effects of properly functioning and articulated control environment to an organization's senior management and our clients

PCI-DSS (Payment Card Industry Data Security Standard): Data protection is critical for the Company in maintaining its services to clients. The Company is also compliant with PCI-DSS, (Worldwide Data security standard defined by the Payment Card Industry Security Standards Council) which ensures data security and reduces the risk of data breaches. The Company adopted PCI DSS to meet the customer requirement specific to Cards domain. The Company has designed and implemented technical and operational controls to protect cardholder data.

These controls not only address the set of requirements for protecting cardholder data, but also address the legislation or regulatory requirements on protection of personal data or other data elements.

General Data Protection Regulation:

Data Protection is a major concern for organizations worldwide. The focus is on secure handling of data to ensure privacy of customer data and that of corporate data. When it comes to privacy, different countries have enacted laws to deal with Data Protection and Data Privacy. The European Union views privacy of personal information as a fundamental right and with the introduction of General Data Protection Regulation (GDPR) in 2018, EU has given people more control over their personal data. The United States has sector specific laws on privacy of customer data such as health information, and financial information. The Company, with its global reach and client base, is expected to various such data privacy compliance requirements.

The Company has designed and implemented a GDPR framework for protecting the Privacy related information provided by its customers from engagement till closure of services. As part of the GDPR framework, the Company has implemented technical and organizational measures for data protection.

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

The Company has a Policy on Sexual Harassment Prevention in place, 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.

There was no complaint received during the year.

40. Listing fees:

The Company confirms that it has paid the annual listing fees for the financial year 2019-20 to both National Stock Exchange of India Limited and Bombay Stock Exchange Limited.

41. Acknowledgments:

We thank our customers, bankers and service providers for their continued support during the year. We place on record our appreciation for the contribution made by our employees at all levels. Our success was made possible by their hard work, loyalty, cooperation and support.

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

The Directors also wish to place on record their appreciation of business constituents like SEBI, NSE, BSE, NSDL, CDSL etc. for their continued support for the growth of the Company.

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

For and on behalf of Board of Directors of
Expleo Solutions Limited
(formerly known as SQS India BFSI Limited)

Place: Chennai
Date : May 06, 2019

RENÉ GAWRON
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	NIL
3	Options Exercised during the year	NIL	3,000
4	Total number of shares arising as a result of exercise of options (as of March 31, 2019)	319,800	342,000
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	344,100
8	Total number of options in force at the end of the year (granted, vested and unexercised / unvested and unexercised)	NIL	NIL
9	Employee wise details of options granted to		
	(i) Key Managerial Personnel	NIL	
	(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:

(Rs. in Millions.)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Net profit as reported	312.83	279.30
Add : Stock-based employee compensation expense (intrinsic value method)	NIL	NIL
Less: Stock-based employee compensation expense (fair value method)	NIL	NIL
Pro-forma net profit	312.83	279.30
Basic earnings per share as reported	29.35	26.19
Pro-forma basic earnings per share	29.35	26.19
Diluted earnings per share as reported	29.35	26.19
Pro-forma diluted earnings per share	29.35	26.19

For and on behalf of Board of Directors of
Expleo Solutions Limited
(formerly Known as SQS India BFSI Limited)

Place: Chennai
Date : May 06, 2019

RENÉ GAWRON
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 subsidiaries)

Sl .No.	1	2	3	4
Name of the Subsidiary	**Expleo Solutions Pte. Ltd., Singapore (formerly known as SQS BFSI PTE. LTD)**	**SQS BFSI Inc., USA**	**Expleo Solutions UK Ltd., UK (formerly known as SQS BFSI UK LTD)**	**SQS BFSI FZE., UAE**
Date of Incorporation	21-Nov-2001	29-Apr-2002	1-Apr-2010	15-Jun-2010
Reporting period for the subsidiary concerned, if different from the holding Company's reporting period	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)	Great BritishPound (GBP)	United Arab Emirates Dirham (AED)
	51.32	69.17	90.48	18.94
	(SGD VS INR as on 31.03.2019)	(USD VS INR as on 31.03.2019)	(GBP VS INR as on 31.03.2019)	(AED VS INR as on 31.03.2019)
Share capital (in Mn)	2.66	4.63	24.17	8.70
Reserves & surplus (in Mn)	87.90	93.24	87.01	54.48
Total Assets (in Mn.)	113.30	121.50	267.34	87.58
Total Liabilities (in Mn.)	22.74	23.63	156.16	24.40
Investments (in Mn.)	Nil	Nil	Nil	Nil
Turnover (in Mn.)	140.23	112.54	316.01	140.33
Profit / (Loss) before taxation (in Mn.)	16.31	18.75	12.58	8.23
Provision for taxation (in Mn)	1.44	3.28	3.04	-
Profit /(Loss) after taxation (in Mn)	14.88	15.47	9.54	8.23
Proposed Dividend	Nil	Nil	Nil	Nil
Extent of shareholding (in percentage)	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

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures.

The Company does not have Associate or Joint ventures for which the details are to be given under Part B of this form.

For and on behalf of the Board of
Expleo Solutions Limited
(formerly known as SQS India BFSI Limited)

RENÉ GAWRON	**BALAJI VISWANATHAN**	**DESIKAN NARAYANAN**	**S. SAMPATH KUMAR**
Chairman & Director	Managing Director & CEO	Chief Financial Officer	Company Secretary & Compliance Officer
DIN : 06744645	DIN : 06771242		ICSI Membership No. F3838

Place: Chennai
Date: May 06, 2019

Annexure III

Form No. MGT-9

EXTRACT OF ANNUAL RETURN as on the financial year ended on March 31, 2019

[Pursuant to Section 92(3) and Section 134(3)(a) 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	**Expleo Solutions Limited** (formerly known as SQS India BFSI 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 – 600096. Ph.+91 44 4392 3200
Whether listed company Yes / No	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	Cameo Corporate Services Limited Subramanian Building, V Floor, #1, Club House Road, Chennai - 600 002. Ph:+91 44 2846 0390 email : investor@cameoindia.com Website : www.cameoindia.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

SI.NO	NAME AND ADDRESS OF THE COMPANY	CIN/GLN /UIN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1	Expleo Technology Germany AG (formerly known as SQS Software Quality Systems AG), Stollwerckstrasse 11, 51149 Cologne Germany	Amtsgericht Köln, HRB 12764	Holding	53.75%	2(46)
2	Expleo Solutions Pte. Ltd (formerly known as SQS BFSI Pte. Ltd.) North Bridge, #19-04/05 High Street Centre, Singapore 179094	MAWAZ20020072	Subsidiary	100%	2(87)
3	SQS BFSI Inc. 2720, Old Rosebud Road, Suite # 330 Lexington, KY 40509, USA	MAWAZ20030150	Subsidiary	100%	2(87)
4	Expleo Solutions UK Ltd (formerly known as SQS BFSI UK Ltd) 7-11 Moorgate, London, EC2R 6AF, United Kingdom.	MAWAZ20100903	Subsidiary	100%	2(87)
5	SQS BFSI FZE P.O Box no 50989, Harmiyah Free Zone, Sharjah, UAE	MAWAZ20120523	Subsidiary	100%	2(87)

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

i) Category-wise Share Holding

CATEGORY CODE	CATEGORY OF 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	53.72%	5,758,804	-	5,758,804	53.75%	0.03%
(c)	Institutions	-	-	-	-	-	-	-	-	-
(d)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
(e)	Others	-	-	-	-	-	-	-	-	-
	Sub-Total A(2) :	**5,753,801**	-	**5,753,801**	**53.72%**	**5,758,804**	-	**5,758,804**	**53.75%**	**0.03%**
	Total A=A(1)+A(2)	**5,753,801**	-	**5,753,801**	**53.72%**	**5,758,804**	-	**5,758,804**	**53.75%**	**0.03%**
(B)	**PUBLIC SHAREHOLDING**									
(1)	INSTITUTIONS									
(a)	Mutual Funds / UTI	53,000	-	53,000	0.49%	-	-	-	-	-0.49%
(b)	Financial Institutions /Banks	3,125	-	3,125	0.03%	9,170	-	9,170	0.09%	0.06%
(c)	Central Government / State Government(s)	-	-	-	-	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(e)	Insurance Companies	-	-	-	-	-	-	-	-	-
(f)	Foreign Portfolio Investors	220	-	220	0.00%	39	-	39	0.00%	0.00%

CATE-GORY 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	
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(h)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
(i)	Others	-	-	-	-	-	-	-	-	-
	Sub-Total B(1) :	**56,345**	-	**56,345**	**0.53%**	**9,209**	-	**9,209**	**0.09%**	**-0.44%**
(2)	NON-INSTITUTIONS									
(a)	Bodies Corporate	786,429	-	786,429	7.34%	755,796	-	755,796	7.05%	-0.29%
(b)	Individuals									
	(i) Individuals holding nominal share capital upto Rs.1 lakh	2,190,074	2,004	2,192,078	20.47%	2,152,100	4	2,152,104	20.09%	-0.38%
	(ii) Individuals holding nominal share capital in excess of Rs.1 lakh	1,335,144	-	1,335,144	12.47%	1,442,254	-	1,442,254	13.46%	0.99%
(c)	Others									
	Clearing members	5,416	-	5,416	0.05%	4,396	-	4,396	0.04%	-0.01%
	Non Resident Indians	172,827	-	172,827	1.61%	195,216	-	195,216	1.82%	0.21%
	Non Resident Indian Non Repatriable	175,122	-	175,122	1.64%	160,140	-	160,140	1.49%	-0.15%
	Trust	200	-	200	0.00%-	-	-	-	-	-
	Director or Director's Relatives	79,692	-	79,692	0.74%	79,692	-	79,692	0.74%	-
	HUF	150,912	-	150,912	1.41%	152,328	-	152,328	1.42%	0.01%
	IEPF	670	-	670	0.01%	3,442	-	3,442	0.03%	0.03%
	Non Banking Financial Institutions	1,745	-	1,745	0.02%	-	-	-	-	-0.02%
(d)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
	Sub-Total B(2) :	**4,898,231**	**2,004**	**4,900,235**	**45.75%**	**4,945,364**	**4**	**4,945,368**	**46.16%**	**0.41%**
	Total B=B(1)+B(2) :	**4,954,576**	**2,004**	**4,956,580**	**46.28%**	**4,954,573**	**4**	**4,954,577**	**46.25%**	**-0.03%**
	Total (A+B) :	**10,708,377**	**2,004**	**10,710,381**	**100.00%**	**10,713,377**	**4**	**10,713,381**	**100.00%**	-

CATE-GORY 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	
(C)	Shares held by custodians, against which Depository Receipts have been issued									
(1)	Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
(2)	Public	-	-	-	-	-	-	-	-	-
	GRAND TOTAL (A+B+C) :	**10,708,377**	**2,004**	**10,710,381**	**100%**	**10,713,377**	**4**	**10,713,381**	**100%**	-

ii) Shareholding of Promoters

Sl 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	Expleo Technology Germany AG (formerly SQS Software Quality Systems AG)	5,753,801	53.72%	-	5,758,804	53.75%	-	0.03%
	TOTAL	**5,753,801**	**53.72%**	-	**5,758,804**	**53.75%**	-	**0.03%**

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

Sl 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	53.72%	-	-
2	Increase / Decrease in shareholding during the year	5,003	0.03%	5,758,804	53.75%
3	At the end of the year	5,758,804	53.75%	-	-

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

Sl No.	Shareholder's Name	Shareholding at the beginning of the year		Share holding at the end of the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1	Rajasthan Global Securities Private Limited	285,768	2.67%	403,463	3.77%
2	Kalpraj Damji Dharamshi	175,000	1.63%	175,000	1.63%
3	Hemang Raichand Dharamshi	150,000	1.40%	150,000	1.40%
4	Aparna Jain	33,456	0.31%	108,000	1.01%
5	Ravindra Raichand Dharamshi	100,000	0.93%	100,000	0.93%
6	Nihar Nilekani	90,134	0.84%	90,134	0.84%
7	Harsha Hemang Dharamshi	65,000	0.61%	65,000	0.61%
8	Celestina Daniel	59,657	0.56%	59,657	0.56%
9	Suchithra E T	58,075	0.54%	57,256	0.53%
10	Zaki Abbas Nasser	-	0.00%	55,000	0.51%

(v) Shareholding of Directors and Key Managerial Personnel:

Sl 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	67,692	0.63%	-	-
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	67,692	0.63%	-	-
	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	11,000	0.10%	-	-
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	11,000	0.10%	-	-

Sl 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
	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			

Sl 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. Phani Tangirala, Senior Director - BFSI				
1	At the beginning of the year	17,320	0.16%	-	-
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	17,320	0.16%	-	-
	Mr. S. Sampath Kumar, Company Secretary & Compliance Officer				
1	At the beginning of the year	5	-	-	-
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	5	-	-	-
	Other KMPs				
1	At the beginning of the year	None of the other KMPs hold 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 KMPs hold shares in the Company			
3	At the end of the year	None of the other KMPs hold shares in the Company			

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

Rs. In Millions

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

Rs. In Millions

Sl. No.	Particulars of Remuneration	Ms. Aarti Arvind MD & CEO (upto August 31, 2018)	Mr. Balaji Viswanathan, MD & CEO (from September 01, 2018)	Mr. K. Ramaseshan, Executive Director & CFO (upto July 17, 2018)
1	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	6.91	7.18	4.80
	(b) Value of perquisites under Section 17(2) Income Tax Act, 1961		-	-
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-
2	Stock Options	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify....	-	-	-
5	Others, please specify	-	-	-

Rs. In Millions

Sl. No.	Particulars of Remuneration	Ms. Aarti Arvind MD & CEO (upto August 31, 2018)	Mr. Balaji Viswanathan, MD & CEO (from September 01, 2018)	Mr. K. Ramaseshan, Executive Director & CFO (upto July 17, 2018)
	i. Deferred bonus (pertaining to the current Financial Year payable in 2018)	-	-	-
	ii. Retirals	-	-	-
	iii. Others (incentives)##	-	2.76	-
	Total (A)	**6.91**	**9.94**	**4.80**

provision made in the books for which payment will be made during the FY 2019-20 for Mr. Balaji Viswanathan

B. Remuneration to other Directors:

Rs. In Millions

Independent Directors	Prof. K. Kumar	Prof. S. Rajagopalan	Mr. Rajiv Kuchhal	Mr. Ulrich Bäumer	Ms. Lilian Jessie Paul	Total Amount
Fee for attending Board / Committee Meetings	0.48	0.50	0.34	0.10	0.28	1.70
-Commission**	0.91	0.91	0.91	0.91	0.91	4.55
-Others, Please Specify	-	-	-	-	-	-
Total (1)	**1.39**	**1.41**	**1.25**	**1.01**	**1.19**	**6.25**
Other Non Executive Directors: Mr.David Bellin						
Fee for attending Board / Committee Meetings						0.04
-Others, Please Specify						-
Total (2)						**0.04**
Total (B) = (1)+ (2)						**6.29**

** provision made in the books for which payment will be made during the FY 2019-20

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

Rs. In Millions

SI No.	Particulars of Remuneration	Mr. S. Sampath Kumar, Company Secretary & Compliance Officer	Mr. Desikan Narayanan, Chief Financial Officer
1	Gross Salary		
	(a) Salary as per provisions contained in Section 17 (1) of the Income Tax Act, 1961	3.07	2.92
	(b) Value of perquisites under Section 17 (2) Income Tax Act, 1961	-	-
	(c) Profits in lieu of salary under Section 17 (3) Income Tax Act, 1961	-	-
2	Stock Options	-	-
3	Sweat Equity	-	-

Rs. In Millions

SI No.	Particulars of Remuneration	Mr. S. Sampath Kumar, Company Secretary & Compliance Officer	Mr. Desikan Narayanan, Chief Financial Officer
4	Commission	-	-
	- as % of profit	-	-
	-others, specify...	-	-
5	Others, please specify	-	-
	i. Deferred bonus (pertaining to the current Financial year payable in 2018)	-	-
	ii. Retirals	-	-
	iii. Others (incentives)##	-	1.07
	Total (A)	**3.07**	**3.99**

provision made in the books for which payment will be made during the FY 2019-20 for Mr. Desikan Narayanan

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 Expleo Solutions Limited (formerly Known as SQS India BFSI Limited)

Place: Chennai

Date : May 06, 2019

RENÉ GAWRON

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:

a)	**Name(s) of the related party and nature of relationship**	**Expleo Group, its Holding Entity, its Subsidiaries and Associates**	**Expleo Solutions UK Ltd. (formerly known as SQS BFSI UK Ltd.,) UK (Subsidiary)**	**Expleo Solutions Pte. Ltd., (formerly known as SQS BFSI Pte. Ltd.,) Singapore (Subsidiary)**	**SQS BFSI Inc., USA (Subsidiary)**	**SQS BFSI FZE, UAE (Subsidiary)**
b)	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
c)	Duration of the contracts/ arrangements/ transactions	1 years from April 1, 2018 till March 31, 2019.	3 years from April 1, 2018 till March 31, 2021.	3 years from April 1, 2018 till March 31, 2021.	3 years from April 1, 2018 till March 31, 2021.	3 years from April 1, 2018 till March 31, 2021.

a)	Name(s) of the related party and nature of relationship	Expleo Group, its Holding Entity, its Subsidiaries and Associates	Expleo Solutions UK Ltd. (formerly known as SQS BFSI UK Ltd.,) UK (Subsidiary)	Expleo Solutions Pte. Ltd., (formerly known as SQS BFSI Pte. Ltd.,) Singapore (Subsidiary)	SQS BFSI Inc., USA (Subsidiary)	SQS BFSI FZE, UAE (Subsidiary)
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	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	From Subsidiary to Holding Company – Up to INR 1600 Mn. for the financial year 2018-19; From Holding to Subsidiary Company – Up to INR 2,000 Mn. for the financial year 2018-19.	From Subsidiary to Holding Company – Up to INR 200 Mn. for the financial year 2018-19; From Holding to Subsidiary Company – Up to INR 300 Mn. for the financial year 2018-19.	From Subsidiary to Holding Company – Up to INR 450 Mn. for the financial year 2018-19; From Holding to Subsidiary Company – Up to INR 600 Mn. for the financial year 2018-19.	From Subsidiary to Holding Company – Up to INR 300 Mn. for the financial year 2018-19; From Holding to Subsidiary Company – Up to INR 100 Mn. for the financial year 2018-19.
e)	Date(s) of approval by the Board, if any	May 04, 2018	May 04, 2018	May 04, 2018	May 04, 2018	May 04, 2018
f)	Amount paid as advances, if any	Nil	Nil	Nil	Nil	Nil

For and on behalf of Board of Directors of
Expleo Solutions Limited
(formerly Known as SQS India BFSI Limited)

Place: Chennai

Date : May 06, 2019

RENÉ GAWRON

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 the financial year 2018-19, the Company 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 Ms. Lilian Jessie Paul
3	Average Net Profit of the Company for past three financial years (Computed u/s 198)	Rs. 398,517,288
4	Prescribed CSR Expenditure (Two Percent of amount as in Item 3 above)	Rs. 7,970,346
5	Details of CSR spent during the financial year:	
	a. Total amount to be spent for the financial year	Rs. 7,970,346
	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**	**Cumulative Expenditure upto the reporting period**	**Amount spent: Direct or through implementing agency**
				Rs.	Rs.	Rs.	
1	Prime Minister Relief Fund	-	-	23,260	22,678	22,678	Direct
2	For the areas identified - Supporting Differently Abled	Education	Chennai, Tamilnadu	2,560,000	2,494,769	2,494,769	Direct – Vidya Sagar (formerly The Spastics Society of India)
3	TT Motor Project Activity : Education – Infrastructure facilities	Education	Vellore, Tamilnadu	1,175,000	1,175,000	1,175,000	Implementing agency – World Vision India

(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**	**Cumulative Expenditure upto the reporting period**	**Amount spent: Direct or through implementing agency**
4	Tribal Children Education	Education	Kancheepuram, Tamilnadu	500,000	500,000	500,000	Implementing agency – Concern India Foundation
5	Creative Learning Project : Lab on Bike	Education	Chittoor, Palamaner and Tirupati, Andhra Pradesh	1,318,740	1,318,740	1,318,740	Implementing agency - AGASTYA International Foundation
6	Science Centre Project	Education	Chennai, Tamilnadu	1,413,000	1,413,000	1,413,000	Implementing agency - AGASTYA International Foundation
7	Let them Live (Tree Plantation)	Environment Protection	Mumbai, Maharashtra and Chennai, Kancheepuram, Tiruvallur and Chengalpatu, Tamilnadu	420,346	500,000	500,000	Implementing agency - SankalpTaru
8	Kerela Flood Relief	Disaster Relief	Kerala	500,000	500,000	500,000	Implementing agency - Bhoomika Trust
9	Administrative Expenses	-	-	60,000	46,159	46,159	-
	Total			**7,970,346**	**7,970,346**	**7,970,346**	

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 : May 06, 2019

Balaji Viswanathan
Managing Director & CEO

Prof. S Rajagopalan
Chairman - CSR Committee

Annexure VI A

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

I Employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than Rupees One crore and Two lakhs

Sl. No.	Name	Designation	Remuneration in INR.	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	Judson Daniel JM	QA Manager	11,963,460	B.Com, MCA	16	20/Feb/2003	40	First Employment in Thinksoft	-

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

Note : 3 : It includes other incentives related to the FY 2017-18 which is paid during the current Financial Year

II Top Ten Employees in terms of Remuneration drawn during the financial year 2018-19

Sl. No.	Name	Designation	Remuneration in INR.	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 *	Managing Director & CEO	11,567,965	B.Sc, MBA	21	1/Dec/2004	44	Manager - Vanaraj & Company	-
2	Balaji Viswanathan@	Managing Director & CEO	11,553,862	B.sc, ICWAI (Inter)	26	26/Jul/2018	46	Sr. Director - Global Banking & Insurance Delivery - Concentrix Daksh Service India Pvt Ltd	-
3	Desikan Narayanan **	Chief Financial Officer	5,300,097	B.Com, ACA, ICWAI (Inter)	20	17/Feb/2016	47	Director Finance - Barry-Wehmiller International Pvt Ltd	-
4	Judson Daniel JM	QA Manager	11,963,460	B.Com, MCA	16	20/Feb/2003	40	First Employment in Thinksoft	-

Sl. No.	Name	Designation	Remuneration in INR.	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 #
5	Phani Tangirala	Senior Director - Global BFSI Vertical	8,981,755	B A	28	23/Sep/2010	48	Project Director, Ssp India Private Limitred	0.16
6	Rajasundaram S	Director - Quality Engineering	5,839,654	B.sc, Msc	23	15/Dec/2014	45	Vice President - Scope International	-
7	Ramakrishnan Venkateswaran	QA Manager	5,325,354	B.Tech	12	27/Aug/2001	34	First Employment in Thinksoft	-
8	Ramaseshan K ## *	Chief Financial Officer	9,833,034	B.Com., ACA., AICWA	25	8/Jun/2017	50	CFO and Head Business Excellence - Tata Elxsi Limited	-
9	Srinath P	Director - IT & Infrastructure	6,075,897	B.Com., AICWA	26	2/Jun/2000	45	SAP Consultant, Maars Software International Limited	0.17
10	Sudha Kiran P	Director - Business Solutions	5,397,494	B.Tech	19	27/Aug/2001	53	First Employment in Thinksoft	0.19

Executive Director & Chief Financial Officer upto July 17, 2018 & Chief Financial Officer from July 18, 2018 till September 21, 2018

* Resigned during the year

@ Balaji Viswanathan joined on July 26, 2018 and appointed as Managing Director & CEO wef September 01, 2018

** Desikan Narayanan - Chief Financial Officer wef September 24, 2018

The percentage of equity shares held by the employee in the Company was their 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

Note : 3 : It includes other incentives related to the FY 2017-18 which is paid during the current Financial Year

III Employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than Rupees Eight lakhs Fifty thousand only per month

Sl. No.	Name	Designation	Remuneration in INR.	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 *	Managing Director & CEO	11,567,965	B.Sc, MBA	21	1/Dec/2004	44	Manager - Vanaraj & Company	-
2	Ramaseshan K *	Chief Financial Officer	9,833,034	B.Com., ACA., AICWA	25	8/Jun/2017	50	CFO and Head Business Excellence - Tata Elxsi Limited	-
3	Balaji Viswanathan @	Managing Director & CEO	11,553,862	B.sc, ICWAI (Inter)	26	26/Jul/2018	46	Sr. Director - Global Banking & Insurance Delivery - Concentrix Daksh Service India Pvt Ltd	-

* Resigned during the year

@ Balaji Viswanathan joined on July 26, 2018 and appointed as Managing Director & CEO w.e.f. September 01, 2018

The percentage of equity shares held by the employee in the Company was their 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

IV Employed throughout the financial year or part thereof, was in receipt of remuneration in that year which is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company

Sl. No.	Name	Designation	Remuneration in INR.	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
Expleo Solutions Limited
(formerly Known as SQS India BFSI Limited)

RENÉ GAWRON
Chairman & Director

Place: Chennai
Date : May 06, 2019

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:

Sl.No.	Name of the Director	Ratio of the remuneration of director to the median employee remuneration
1	Mr. David Bellin	0.06 : 1 (1 denotes Median Salary)
2	Ms. Aarti Arvind	10.76 : 1 (1 denotes Median Salary)
3	Mr. Balaji Viswanathan	15.50 : 1 (1 denotes Median Salary)
4	Mr. K. Ramaseshan	7.48 : 1 (1 denotes Median Salary)
5	Prof. K.Kumar	2.17 : 1 (1 denotes Median Salary)
6	Ms. Lilian Jessie Paul	1.86 : 1 (1 denotes Median Salary)
7	Prof. S. Rajagopalan	2.20 : 1 (1 denotes Median Salary)
8	Mr.Rajiv Kuchhal	1.95 : 1 (1 denotes Median Salary)
9	Mr. Ulrich Baümer	1.58 : 1 (1 denotes Median Salary)

The working is based on payment/provision made in the books during the year.

2 Percentage increase in remuneration

Sl.No.	Name	Designation	Percentage increase/ decrease in remuneration
1	Mr. David Bellin	Chairman	Resigned during the year, hence not comparable.
2	Ms. Aarti Arvind	Managing Director & CEO	Resigned during the year, hence not comparable.
3	Mr. Balaji Viswanathan	Managing Director & CEO	12% Increase compared to previous year*
4	Mr. K. Ramaseshan	Executive Director & CFO	Resigned during the year, hence not comparable.
5	Prof. K.Kumar	Director	25% increase compared to previous year*
6	Ms. Lilian Jessie Paul	Director	31% increase compared to previous year*
7	Prof. S. Rajagopalan	Director	25% increase compared to previous year*
8	Mr. Rajiv Kuchhal	Director	25% increase compared to previous year*
9	Mr. Ulrich Baümer	Director	35% increase compared to previous year*
10	Mr. Desikan Narayanan	Chief Financial Officer	Appointed during the year, hence not comparable
11	Mr. S. Sampath Kumar	Company Secretary & Compliance Officer	19% increase compared to previous year.

* The working is based on provisions made in the books during the current year and the payment made during the FY 2019-20.

3 Percentage increase in the median remuneration of employees

The percentage of increase in the Median employee remuneration is 7.43% as compared to the previous year.

4 Permanent Employees

The number of Permanent Employees on the rolls of the Company as on March 31, 2019 is 889 employees.

5 Other details:

S.No.	Particulars	Remarks
a	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year.	During the FY 2017-18, the overall salary increased for the employees around 9% (which excludes Managerial remuneration).
b	Percentile increase in managerial remuneration.	Compared to last financial year the Managerial remuneration decrease by 13%.
c	The comparison with the percentile increase in the employee remuneration with managerial remuneration and justification thereof.	Employee remuneration (excluding Managerial remuneration) increased during the FY 2018-19 by 8% was based on the appraisals and evaluations.
d	Any exceptional circumstances for increase in the managerial remuneration.	N.A.

6 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.

7 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.

NIL

8 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
Expleo Solutions Limited
(formerly Known as SQS India BFSI Limited)

Place: Chennai

Date : May 06, 2019

RENÉ GAWRON

Chairman & Director

Annexure - VII

Form No. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR 2018-2019

[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
EXPLEO SOLUTIONS LIMITED
(formerly known as 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 **EXPLEO SOLUTIONS LIMITED (formerly known as 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 **EXPLEO SOLUTIONS 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, 2019 **("Audit Period")** 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, 2019 according to the provisions of:

1. The Companies Act, 2013 ('Act') and the rules made thereunder, as amended from time to time;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder, as amended from time to time;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder, as amended from time to time;
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, as amended from time to time;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'), as amended from time to time:-
    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, 2018;
    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 dealing with client;

f) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018.

I have also examined compliance with the Secretarial Standards issued by the Institute of Company Secretaries of India ('ICSI') and as mandated by the Companies Act, 2013.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards, etc., mentioned above.

I report that having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof on test check-basis, the Company has complied with the following Labour and Industrial Laws specifically applicable to the Company, as listed below, as amended from time to time;

1. The Special Economic Zone Act, 2005 and rules made thereunder
2. The Contract Labour (Regulation and Abolition) Act, 1970
3. The Employees' Compensation Act, 1923
4. The Employees' Provident Funds & Miscellaneous Provisions Act, 1952
5. The Employees' State Insurance Act, 1948
6. The Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959
7. The Equal Remuneration Act, 1976 and The Equal Remuneration Rules, 1976
8. The Industrial Disputes Act, 1949
9. The Maternity Benefit Act, 1961
10. The Minimum Wages Act, 1948
11. The Payment of Bonus Act, 1965
12. The Payment of Gratuity Act, 1972
13. The Payment of Wages Act, 1936
14. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
15. The Tamil Nadu Industrial Establishments (Conferment of Permanent Status to Workmen) Act, 1981
16. The Tamil Nadu Labour Welfare Fund Act, 1972
17. The Tamil Nadu Payment of Subsistence Allowance Act, 1981
18. The Tamil Nadu Shops and Establishments Act, 1947
19. The Tamil Nadu Tax on Professions, Trades & Callings and Employments Act, 1992
20. The Maharashtra Shops And Establishments (Regulation Of Employment And Conditions Of Service) Act, 2017

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 Woman 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 or as the case may be, 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-

a) Consequent to the acquisition of Expleo Technology Germany AG, immediate parent entity of the Company by Expleo Germany Holding GmbH, pursuant to Regulation 5(1) of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, an Open Offer was made for the acquisition of up to 27,85,480 fully paid-up equity shares of face value of INR 10/- each, constituting 26% of the fully diluted voting equity share capital of the Company.

b) The Company through Postal ballot dated March 26, 2019, accorded approval through special resolution for-

- Buyback of its fully paid-up equity shares of Rs. 10/- each not exceeding 4,60,896 Equity Shares constituting 4.30% of the total number of Equity Shares of the Company, at a price of Rs. 550/-.
- Change in the name of the Company from "SQS India BFSI Limited" to "Expleo Solutions Limited" consequent to change of the name in group level.

For M. Alagar & Associates

M.Alagar

Place : Chennai

FCS No.: 7488

Date : April 19, 2019

CoP No.: 8196

Management Discussion and Analysis 2018-19

Financial Highlights

Our Total Revenue for FY '18-19 went up marginally by 4% from INR 2712 million (271 Crores) to INR 2828 million (283 Crores). Profitability improved significantly despite marginal revenue growth. Our EBITDA went up by 36.79% from INR 405 million (14.93%) to INR 554 million (19.59%). PAT improved by 13.48% from INR 319 million to INR 362 million. PAT percentage improved by 104 basis points from 11.76% to 12.80%. This was achieved without impacting required investment on technical skills, optimization of sales expenses and other overheads.

Contribution from our Top 10 customers increased to 62% (from 59%). We continue to focus on building these strategic accounts by diversifying into additional services through our increased service offerings. We started tracking our Digital Revenue in the last 2 quarters and see a growth of 27%, quarter on quarter, with overall contribution of around 12% to our revenue. We will continue to invest in building our digital capability for better yield, client retention and improved profitability in the longer run.

Key geographies performed as expected and UK and Europe continue to be our focus regions. With Brexit anxiety, we faced some head winds in JFM 2019, with some key clients slowing down. We expect this to pick up in the latter part of second quarter of 2019-20. US continues to be challenging, with contribution shrinking in the last 6 quarters.

Global Outlook & Industry Trends

The QA Industry has come a long way from being a support function performing the role of a final gate keeper to becoming an integral part in product development, regulatory control, data privacy, data security and end client adoption/satisfaction with focus on cost and time to market.

With increased adoption of Agile and Dev Ops, along with multiple variants of these methodologies, changes are rapid. It is critical for us, not only to adapt to the changes but also be at the forefront of this transformation and support our clients through this journey. With a thin line between design, development and testing, there is increased focus and spend expected for this function. Quality Assurance is more integrated and increasingly competitive.

Analyst firm, Nelson Hall's Software Testing and Quality Assurance report states that business is expected to grow at a CAG of 5.6% to USD 30 Bn by 2023 from the current USD 23 Bn. Growth is expected to be driven by Next-Gen testing (Mobile, Security, UI/UX, testing of RPA, RPA in testing and AI in testing), non-functional and other specialized testing services. Number of new large-scale managed testing service contracts are declining since 2015. With the adoption of Agile and Devops, clients are reallocating their spending around continuous testing and reskilling of their testing workforce.

Functional testing (for custom applications and COTS), both automated and manual, represents a little over half of testing spend. It is observed that spending is shifting from manual testing to functional automation and based on our own assessments over 80% of this will get automated. There will be an increased demand for techno functional experts to tweak and customize the automation packs. At Expleo, we are focused on building the skills and capability through talent transformation and partners.

Mobile testing is the largest activity within next-gen testing and expected to grow rapidly. UI/UX testing is also seeing a sizeable increase, with the focus on Digital, IoT, Robotics and Omni Channel service models. Demand for AI and use-cases for automating testing services is growing from low-levels of spending. We have also extended our services into Data Management, Security Assessment and Testing to cater to the demand of compliance-led Accessibility Testing, Usability Testing and Data Security standards.

North America is the largest market followed by EMEA, which is also the fastest growing market for Quality Assurance and Software testing. BFSI is the largest organized industry vertical for QA and represents close to 40% of the market.

Banking Industry:

The transformation in banking industry continues unabated as regulatory, technology trends, changing business environment and customer expectations shape the way they operate and serve the customers. Financial Institutions (and others) are battling to win the war on customer loyalty and at the same time ensure compliance with the constantly changing requirements like PS2/GDPR, fraud and data security threats. To win and retain clients, banks are focusing more on digital strategy apart from the rapidly increasing adoption of RPA, BlockChain, Artificial Intelligence (Big Data), IoT etc. Even with focus on 'mobile first' and 'digital everything' strategies, banks face challenges as they have to deal with futuristic and legacy components co-existing in their technology infrastructure. This has resulted in banks re-evaluating their modernization strategies ranging from rip and replace to multiyear modernization initiatives. Business environment has changed with rise of Fintech firms and challenger banks, with even larger banks entering the fray in partnering with some of them and launching their own digital challengers. Most of the Banks and Financial Institutions now are adapting to working in an ecosystem and building their own startup labs and incubation centers that will work on the evolving and new technologies and finding viable and market-facing products and services. We are also witnessing a trend of consolidation in banking and cards and payment space with some significant mergers and acquisitions recently. Payments landscape is changing fast with implementation of instant/ real time/ faster payments and larger initiatives like TARGET consolidation in Europe. We are working with our Group's Digital Labs which are building capabilities and offerings to meet this evolving demand. Simultaneously we are also building our partner ecosystem to ensure that we are at the forefront of these changes to deliver value to our clients.

Insurance Industry:

The pace of change in the Insurance industry continued to accelerate in 2018-19 with cutting edge technology being embraced in multiple areas. Telematics-based, Usage Based Insurance (UBI) continues to see growth as does the use of IoT in Home Insurance. New and innovative use of technology such as Drones for claims inspections and AI for property geospatial analysis are prompting regulatory changes. There has been a sharp increase in interest in Robotic Process Automation (RPA) even in traditionally labour surplus areas like India and the APAC. Agile and DevOps for project delivery is fast becoming the norm rather than the exception.

In line with changing dynamics of the Industry, our Insurance Practice Solutions has transitioned to a techno-functional centre of excellence combining deep domain expertise with technical prowess. This has helped clients to successfully deliver complex projects ranging from core transformation projects involving functional and technical services to RPA implementations where the combination of domain and technical expertise has enabled end-to-end services to be delivered.

The Software testing and Quality Assurance Industry trends to watch out for in 2019 are:

Quality Engineering:

The new QA services is expected to perform cutting edge technical services such as SDET roles (Software Development Engineer in Testing) which needs blending with the development teams to perform complex white box testing which needs development (programming) skills. These are high-tech and high-end services which have potential to strengthen our market presence and customer relevance in the long term.

Expleo Solutions is leveraging the design and engineering capabilities to setup service offerings into DevTest (Development & Testing) services such as Quality Engineering (QE). This additional and enhanced QE services have opened up new avenues in banking and insurance market in UK, Europe (Northern Ireland) and expected to help us in the United States as well.

Increasing Adoption of Agile and DevOps:

Globally many organizations have moved fully or partially into the agile way of managing projects. This provides the opportunity to reduce the time to market and also the ability to change the product features and services in line with the changing client demand and market factors.

In this new way of working, the need to setup DevOps as part of project team is seen as an imperative need to ensure agility, collaboration, transparency and for seamless integration between all teams from Business, Development, QA, Deployment etc. Demand for a more Technology driven QA is fast emerging to reduce time to market and ensure end customer satisfaction. Clients have adopted to this practice with multiple variations to suit their organizational needs and culture.

We in Expleo have intensified our focus on Agile and DevOps, and have gained significant experience serving various customers in the Europe and the US. We

have built a strong agile and DevOps practice and we expect this trend to continue and gain further momentum in 2020 and beyond.

Mobile/IOT testing

With increase in Digital adoption by end clients and the plethora of devices being used, quality assurance of functionalities, features and security in Mobile and IoT is one of the key areas of growth. Given the challenges with ever-changing OS and features of these devices, more companies are looking for on-premise and cloud device farms to cut down on the in-house infrastructure required for testing apps.

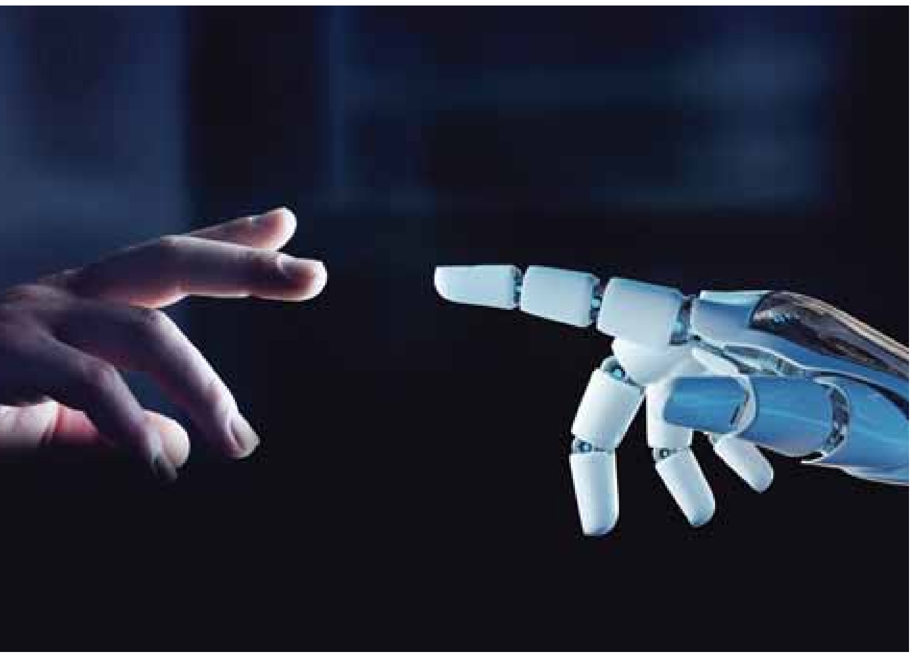
Machine Learning and AI in testing

Machine Learning and adoption of AI in testing is expected to significantly improve the time to market and end customer satisfaction in project delivery. Data, history, analytics and effective usage of business skills along with Machine Learning will be a key to make this a success and is seeing an increased demand.

During 2019, we have built a team of Data Scientists to gain competence and build this as a service offering. We are working with our customers to address their Machine Learning (ML) and Artificial Intelligence (AI) requirements. During this period, we closely work with partners like Microsoft and BluePrism to deliver value to customer in the area of Anti Money Laundering and Fraud Detection in payments.

Performance Engineering (PE)

Performance Engineering is expected to see increased demand and adoption; this requires in-depth technical skills and



require iteration with Business to identify to work on what is critical for business and client. This will cover all aspects of system and application performance.

We have strengthened our core performance engineering service in the last 12 to 18 months. We continue to build a strong Talent pool and are delivering services that has added significant value to our clients resulting in improvement of their products and services (delivered over 300% improvement in processing time in three months to a leading payment service provider). We have been winning multiple performance testing and engineering projects in APAC and the US regions. Hiring eminent industry experts in performance engineering helped us to fortify this practice.

Robotic Process Automation (RPA)

RPA has matured from being just a buzzword a couple of years ago. Intelligent Automation is the new trend in the industry where back office processing is automated with help of Bots (short for Software Robots) and this coupled with Process optimization techniques (Lean, Six Sigma etc.), Machine Learning and AI is now driving the agenda for Intelligent Automation.

“Bots” help automate entire back-office thus helping organizations to save time and money. Intelligent Automation now adds customer satisfaction, optimization and faster time to market to make it a more compelling proposition. We have started providing Robotic Process Automation (RPA) services two years ago and developed partnerships with market leading RPA product vendors such as BluePrism. Since then, we won multiple RPA projects in the APAC region. RPA/ Intelligent Automation is a strategic focus area for us and it has huge potential in the years to come.

Security Testing

Security testing is the only testing type that needs to be repeated periodically even if the application/system under test has not changed due to ever changing IT security issues and wide spread exploitations. The security testing market size is estimated to USD 7.61 billion by 2021, at a Compound Annual Growth Rate (CAGR) of 18.1%. Current trend in security testing is “shift-left” with static code analysis (SCA) which is done better in an agile continuous testing DevOps environment. With IoT and Blockchain technologies gaining good momentum, security testing continues to be another area of growth and increasing concern for every client. Technology industry is moving at a lightning speed and the amount of information is every growing and security of the data, its flow and any loop holes or vulnerability is a major concern. This is considered as a specialized field and also gets significant focus from our clients. Introducing security testing early in software development life cycle will prove cost-effective and will be key to customer satisfaction.

We have gained good market presence in Security Vulnerability Assessment and Penetration Testing (VAPT) in the APAC region. Our technical strength in delivering testing projects have won repeated contracts from banking customers in India and Philippines. We also attracted veterans in Security Testing during this period to fortify our security testing practice.

Automation of Quality Assurance

Automation of Functional Testing and regular aspects of functionality testing and performance testing expected to continue the automation path with increased automation and reduced manual efforts. This drives testers to be multi-skilled and functional testing focus is fast shifting into a techno functional role. With the Adoption of Agile, DevOps and more automated QA, requirement for Continuous Testing is likely to see increased demand and we at Expleo have matured in this fundamental service offering and bundle this as part of the engagement to deliver significant productivity and total cost of ownership benefit to our clients.

Opportunities and Risks:

With the adoption of Agile and DevOps, traditional functional testing and automation will see significant changes. While the increased spend for QA along with continuous testing and integration is a positive sign, this has also attracted more competition. With new methodologies, there is a very thin line between design, development, testing, deployment, hence, the competition is also changing.

Traditional large IT companies are stepping into this space more strongly and we see the multiple variants and bundling of QA offerings with other services. For us to be competitive and relevant, we require an increased focus on technical skills along with domain skills. We need to continuously identify skills, and invest to adapt to the Industry trends and increase our service offerings, to meet demands from clients.

Next is to focus on right geographies and right opportunities. The Brexit uncertainty is still lingering and impacting some projects. Once there is a clarity, we expect to see increase in demand in the short to medium term. The US continues to be a challenge for us and we are currently adopting a wait and watch approach. The growth impetus for US will be timed along with the larger Group plans in 2020.

Middle East market is seeing some promise, however is not consistent. We expect this to stabilize and grow in 2019. In APAC, we added clients in Philippines and Vietnam which are expected to be high growth markets. We are looking to invest cautiously in 2019 to build relationships that will help us grow subsequently.

Internal Controls Systems and their adequacy

The CEO and CFO of the Company have provided a certificate, which forms a 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:

Expleo Solutions Limited (formerly known as SQS India BFSI Limited) ("the Company") is committed to maintaining high standards of Corporate Governance, protecting Customers', Shareholders' and other Stakeholders' interests. In line with this philosophy, the Company endeavours 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, 2019, the Board of Directors ("Board") comprises of nine members, out of which one is Executive Director, three are Non-Executive Directors and five are Non-Executive - Independent Directors. The Chairman of the Board is a Non-Executive Director.

i. Mr. David Bellin (DIN 06790066) had resigned as Chairman and Non-Executive Director of the Company with effect from May 04, 2018

ii. Mr. K. Ramaseshan (DIN 03025474) has submitted his resignation as Additional Director (Executive Director) and Chief Financial Officer (Key Managerial Personnel) of the Company due to personal circumstances on July 17, 2018 and was accepted by the Board on July 26, 2018. He continued to hold office as Chief Financial Officer (Key Managerial Personnel) up to September 21, 2018 for serving the notice period, as decided and approved by the Board.

iii. Ms. Aarti Arvind, (DIN 07414979) who had resigned as Managing Director & Chief Executive Officer (CEO) (Key Managerial Personnel) of the Company and was serving her notice period upto July 24, 2018 was requested by the Board to continue upto August 31, 2018. Ms. Aarti Arvind ceased to be a Director with effect from September 01, 2018.

iv. Mr. Balaji Viswanathan (DIN 06771242) was appointed as Managing Director & Chief Executive Officer (CEO) (Key Managerial Personnel) of the Company by the Board in their meeting held on July 26, 2018 with effect from September 1, 2018. His appointment was confirmed by the Shareholders as Managing Director & Chief Executive Officer vide Postal Ballot Resolution dated March 26, 2019.

v. Mr. Ralph Franz Gillessen (DIN 05184138) was appointed as Additional Director (Non-Executive) of the Company by the Board of Directors in their meeting held on and with effect from August 9, 2018. His appointment was confirmed by the Shareholders as Non-Executive Director vide Postal Ballot Resolution dated March 26, 2019.

vi. Mr. Diederik Vos (DIN 06744640) has submitted his resignation as Chairman & Non Executive Director of the Company with effect from January 02, 2019 due to personal reasons.

vii. The Board of Directors have unanimously approved the appointment of Mr. René Gawron, existing Non-Executive Director of the Company, as the Chairman of the Board of Directors of the Company with effect from January 31, 2019.

viii. Mr. Olivier Aldrin (DIN 08345218) has been appointed as Additional Director (Non-Executive) of the Company with effect from January 31, 2019. His appointment was confirmed by the Shareholders as Non-Executive Director vide Postal Ballot Resolution dated March 26, 2019.

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

The Board of Directors is of the opinion that the Independent Directors fulfill the conditions specified in these regulations and are independent of the management.

As mandated under Regulation 26 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, neither 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:

Seven 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 May 4, 2018, July 26, 2018, August 09, 2018, October 25, 2018, January 31, 2019, February 11, 2019 and March 29, 2019.

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 2018-19			Whether attended last AGM held on July 26, 2018	Directorships in other Public Companies	Number of Committee Positions held in other Public Companies
		Held	Held after appointment / before resignation	Attended			
Mr. René Gawron	Chairman & Non-Executive Director	7	7	6	Yes	-	-
Prof. K. Kumar	Independent & Non-Executive Director	7	7	6	Yes	-	-
Mr. Balaji Viswanathan[1]	Managing Director& CEO	7	4	4	NA	-	-
Mr. K. Ramaseshan[2]	Executive Director & CFO	7	2	2	NA	-	-
Ms. Lilian Jessie Paul	Independent & Non-Executive Director	7	7	7	Yes	2	2
Prof.S. Rajagopalan	Independent & Non-Executive Director	7	7	7	Yes	-	-
Mr. Rajiv Kuchhal	Independent & Non-Executive Director	7	7	7	Yes	-	-
Ms. Aarti Arvind[3]	Managing Director & CEO	7	3	3	Yes	-	-
Mr. Diederik Vos[4]	Chairman & Non-Executive Director	7	4	4	Yes	-	-
Mr. Ulrich Bäumer	Independent & Non-Executive Director	7	7	5	No	-	-

Name of the Director	Category of Director	Number of Board Meetings during the year 2018-19			Whether attended last AGM held on July 26, 2018	Directorships in other Public Companies	Number of Committee Positions held in other Public Companies
		Held	Held after appointment / before resignation	Attended			
Mr. Ralph Gillessen[5]	Non-Executive Director	7	4	3	NA	-	-
Mr. David Bellin[6]	Chairman & Non-Executive Director	7	1	1	NA	-	-
Mr. Olivier Aldrin[7]	Non-Executive Director	7	3	2	NA	-	-

1. Appointed with effect from September 01, 2018
2. Resigned with effect from July 17, 2018
3. Resigned with effect from August 31, 2018
4. Resigned with effect from January 02, 2019
5. Appointed with effect from August 09, 2018
6.Resigned with effect from May 04, 2018
7. Appointed with effect from January 31, 2019

Notes:

a. None of the Directors, holds directorships in any other Indian Public Limited Companies and hold Membership/ Chairmanship of any Committee(s) in other Indian Public Limited Companies (listed and unlisted), apart from the details given above.

b. For the purpose of Membership in Committees, the Membership in Audit Committee and Stakeholders Relationship Committee are only considered as per Regulation 26(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

c. None of the Non-Executive Directors, apart from receiving director's sitting fees/ commission, have any material pecuniary relationship or transactions with the Company.

d. None of the Directors are related inter-se.

e. During the year, information as mentioned under Schedule II Part A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, has been placed before the Board for its consideration.

Name of other listed entities where Directors of the company are Directors and the category of Directorship

Sl. No.	Name of Director	Name of listed entities in which the concerned Director is a Director	Category of Directorship
1	Ms. Lilian Jessie Paul DIN: 02864506	i) Royal Orchid Hotels Limited	Independent & Non-Executive Director
		ii) Bajaj Consumer Care Limited	Independent & Non-Executive Director

None of the Directors hold directorships in any other listed entities apart from the details given above.

Skills / Expertise / Competencies of the Board of Directors

The following is the list of core skills / expertise / competencies identified by the Board of Directors as required in the context of the Company's business and the said skills are available with the Board Members:

i. Knowledge on Company's businesses, policies and culture (including the Mission, Vision and Values) major risks / threats and potential opportunities and knowledge of the industry in which the Company operates.

ii. Behavioural skills - attributes and competencies to use their knowledge and skills to contribute effectively to the growth of the Company.

iii. Business Strategy, Sales & Marketing, Corporate Governance, Forex Management, Administration, Decision Making.

iv. Financial and Management skills.

v. Technical / Professional skills and specialized knowledge in relation to Company's business.

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 taking note.

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

Number of shares held by Non-Executive Directors as on March 31, 2019 are:

S.No	Name	Shares
1	Prof. K Kumar	11,000
2	Prof. S Rajagopalan	1,000
3	Mr. Rajiv Kuchhal	67,692
	TOTAL	**79,692**

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 https://www.sqs-bfsi.com/_resources/familiarization-program-for-independent-directors.pdf.

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
- Modified opinion(s) 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 Chief Financial Officer (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;
- Reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding Rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments;
- 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 Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, read with Section 177 of the Companies Act, 2013. Accordingly, the Audit Committee consists 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.

Five Audit Committee Meetings were held during the year. The dates on which the said meetings were held are as follows: May 03 & 04, 2018, July 25 & 26, 2018, August 09, 2018, October 24 & 25, 2018 and January 30 & 31, 2019.

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 2018-19	
		Held	Attended
Prof. K. Kumar	Chairman	5	5
Prof. S. Rajagopalan	Member	5	5
Mr. Rajiv Kuchhal	Member	5	5
Mr. René Gawron	Member	5	4

Prof. K. Kumar, Chairman of the Audit Committee attended the previous Annual General Meeting of the Company held on July 26, 2018.

Mr. S. Sampath Kumar, Company Secretary was designated as the Compliance Officer of the Company in compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

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 Key Managerial Personnel ("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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

I. Brief description of terms of reference:

The terms of reference of the Nomination and 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 of Directors 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 of Directors;
- 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 of Directors their appointment and removal;
- Whether to extend or continue the term of appointment of the Independent Directors, on the basis of the report of performance evaluation of Independent Directors;
- Recommend to the board, all remuneration, in whatever form, payable to senior management.
- 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, recommend the same to the Board for its consideration and 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.

The quorum for a meeting of the nomination and remuneration committee shall be either two or one third of the members of the committee, whichever is greater, including at least one independent director in attendance.

The nomination and remuneration committee shall meet at least once in a year.

Five Nomination and Remuneration Committee Meetings were held during the year. The dates on which the said meetings were held are as follows: May 03 & 04, 2018, July 25 & 26, 2018, August 09, 2018, October 24 & 25, 2018 and January 30, 2019.

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 2018-19		
		Held	Held after Appointment / before resignation	Attended
Prof. K. Kumar	Chairman	5	5	5
Prof. S. Rajagopalan	Member	5	5	5
Mr. Rajiv Kuchhal	Member	5	5	5
Mr. René Gawron	Member	5	5	4
Mr. Diederik Vos*	Member	5	3	3
Mr. David Bellin #	Member	5	1	1

* Resigned with effect from January 02, 2019

Resigned with effect from May 04, 2018

Mr. S. Sampath Kumar, Company Secretary was designated as the Compliance Officer of the Company in compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

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, as amended, and Section 178(3) of the Companies Act, 2013, the Nomination and Remuneration Committee of the Company has formulated a policy, relating to the remuneration of the directors, Key Managerial Personnel and other employees.

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

The Policy also sets out the following in details:

- Qualifications for appointment of Directors (including Independent Directors)
- Positive attributes of Directors (including Independent Directors)
- Criteria for appointment of KMP/Senior Management
- Policy relating to remuneration of Whole-time Directors
- Policy relating to remuneration of Non-Executive / Independent Directors
- Policy relating to remuneration of Key Managerial Personnel and Senior Management Personnel. The evaluation criteria are provided under Item No. 27 of the Directors' Report.

II. Details of Remuneration for the year ended March 31, 2019:

The disclosure on the remuneration of directors as required under Schedule V (C) (5) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, are as follows:

a. Remuneration of Non-Executive Directors:

Name of the Director	Commission (Rs. In Mn.)	Sitting Fees (Rs. In Mn.)	Total (Rs. In Mn.)
Mr.David Bellin*	Nil	0.04	0.04
Prof. K. Kumar	0.91	0.48	1.39
Ms. Lilian Jessie Paul	0.91	0.28	1.19
Prof. S. Rajagopalan	0.91	0.50	1.41
Mr. Rajiv Kuchhal	0.91	0.34	1.25
Mr. Diederik Vos#	Nil	Nil	Nil
Mr. René Gawron	Nil	Nil	Nil
Mr. Ulrich Bäumer	0.91	0.10	1.01
Mr. Olivier Aldrin	Nil	Nil	Nil
Mr. Ralph Gillessen	Nil	Nil	Nil

* Resigned with effect from May 04, 2018

\# Resigned with effect from January 02, 2019

The Sitting fee for the Board Meeting held on March 29, 2019, which is Rs.20,000/- each to Prof. K. Kumar, Ms. Lilian Jessie Paul, Prof. S. Rajagopalan, Mr. Rajiv Kuchhal and Mr. Ulrich Bäumer was paid in the FY 2019-20.

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

The criteria of making payments to Non-Executive Directors is provided under Item No. 28 of the Directors' Report.

c. Stock option details:

Details of Shares and Stock option held by Non-Executive Directors as on March 31, 2019 are as under:

Sl.No	Name	Shares Held	Stock Option
1	Prof. K. Kumar	11,000	Nil
2	Prof. S. Rajagopalan	1,000	Nil
3	Mr. Rajiv Kuchhal	67,692	Nil
	TOTAL	**79,692**	**Nil**

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 and the same were exercised by the Independent Directors.

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 and commission.

d. Remuneration of Executive Director:

Compensation to Ms. Aarti Arvind, the erstwhile Managing Director & CEO upto August 31, 2018 and Mr. Balaji Viswanathan, Managing Director & CEO from September 01, 2018 are paid as per the Service Agreements entered with them subject to the limits specified as per the provisions of the Companies Act, 2013. Mr. K. Ramaseshan, Executive Director & CFO was paid up to July 17, 2018 as per the provisions of the Companies Act, 2013.

Amount in Mn.

Sl. No.	Particulars of Remuneration	Ms. Aarti Arvind MD & CEO (upto August 31, 2018)	Mr. K. Ramaseshan, ED & CFO (upto July 17, 2018)	Mr. Balaji Viswanathan, MD & CEO (from September 01, 2018)
1	Gross Salary	6.91	4.80	7.18
2	Stock Options	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
5	Others (Incentives)	-	-	2.76*
	Total	**6.91**	**4.80**	**9.94**

* Includes provision made in the books for which payment will be made during financial year 2019-20.

Other Incentives given in Point 5 above include the Performance based incentive for the financial year 2018-19, which were based on the achievement of a set of parameters as framed by the Nomination and Remuneration Committee and decided by the Board of Directors of the Company from time to time. These parameters consist of both quantitative as well as qualitative achievements.

The agreement with the Managing Director & CEO has been entered into for a period of 3 years, effective from the date of appointment. 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. The Managing Director & CEO is entitled for severance pay subject to the provisions contained in Section 202 of the Companies Act, 2013.

6. Stakeholders' Relationship Committee:

- The Committee has been formed to look into and resolve the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings, etc.
- Review of measures taken for effective exercise of voting rights by shareholders.
- Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
- Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.

Four Stakeholders' Relationship Committee Meetings were held during the year. The dates on which the said meetings were held are as follows: May 03, 2018, July 25, 2018, October 25, 2018 and January 30, 2019.

The Committee consists of three Independent Directors. The Chairman of the Committee is an 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 2018-19	
		Held	Attended
Prof. S Rajagopalan	Chairman	4	4
Prof. K Kumar	Member	4	4
Ms. Lilian Jessie Paul	Member	4	4

Mr. S. Sampath Kumar, Company Secretary was designated as the Compliance Officer of the Company in compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

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

Number of Complaints received during the year*	09
Number of Complaints resolved during the year	09
Number of Complaints not solved to the satisfaction of Shareholders	NIL
Number of Complaints pending as on March 31, 2019	NIL

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

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.

Four Corporate Social Responsibility Committee Meetings were held during the year. The meetings were held on April 17, 2018, July 13, 2018, October 08, 2018 and January 16, 2019.

The Committee consists of three Independent Directors. 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 2018-19	
		Held	Attended
Prof. S Rajagopalan	Chairman	4	4
Prof. K Kumar	Member	4	4
Ms. Lilian Jessie Paul	Member	4	3

8. Independent Directors' Meeting:

The meeting of Independent Directors of the Company was held on January 29, 2019. All the Independent Directors of the Company have participated in the said meeting. In the meeting, the Independent Directors have,

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

ii. Reviewed the performance of the Chairman of the Company, taking into account the views of executive directors and non-executive directors;

iii. Assessed the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

9. General Body Meetings:

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

Details	Date	Time	Venue
Annual General Meeting 2015-16	July 28, 2016	3.30 p.m.	The Residency Towers, The Town Hall, 115, Sir Thyagaraya Road, T. Nagar, Chennai – 600 017.
Annual General Meeting 2016-17	July 27, 2017	3.30 p.m.	The Residency Towers, The Town Hall, 115, Sir Thyagaraya Road, T. Nagar, Chennai - 600 017.
Annual General Meeting 2017-18	July 26, 2018	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 26, 2019:

1) Special Resolution towards Approval for Buyback of Equity Shares;
2) Ordinary Resolution towards Appointment of Mr. Ralph Franz Gillessen (DIN 05184138) as Director of the Company;
3) Ordinary Resolution towards Appointment of Mr. Olivier Aldrin (DIN 08345218) as Director of the Company;
4) Ordinary Resolution towards Appointment of Mr. Balaji Viswanathan (DIN 06771242) as Director of the Company;
5) Special Resolution towards Appointment of Mr. Balaji Viswanathan (DIN 06771242) as Managing Director and Chief Executive Officer (Key Managerial Personnel) of the Company;
6) Special Resolution towards Appointment of Prof. K. Kumar (DIN 02343860) as an Independent Director (Non-Executive) of the Company;
7) Special Resolution towards Appointment of Prof. S. Rajagopalan (DIN 01584674) as an Independent Director (Non-Executive) of the Company;
8) Special Resolution towards Appointment of Mr. Rajiv Kuchhal (DIN 02257381) as an Independent Director (Non-Executive) of the Company;
9) Special Resolution towards Appointment of Mr. Ulrich Bäumer (DIN 06763831) as an Independent Director (Non-Executive) of the Company;
10) Special Resolution to approve the payment of remuneration to Directors other than Managing Director or Whole-time Director;
11) Special Resolution towards Change in the name of the Company.

The Board of Directors in their meeting held on January 31, 2019 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. Central Depository Services (India) Limited 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 on February 21, 2019 by Registered Post along with postage prepaid business reply envelope to the Members whose e-mail ID's 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 15, 2019 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 25, 2019 to March 26, 2019. All postal ballot forms received up to 5.00 p.m. on March 26, 2019, 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 were declared on March 28, 2019. As per the Scrutiniser's report, all resolutions were passed with requisite majority. The resolutions were considered to be passed on March 26, 2019, 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 28, 2019.

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

18th Annual General Meeting for the year 2015-16 held on July 28, 2016 - NIL

19th Annual General Meeting for the year 2016-17 held on July 27, 2017 - NIL

20th Annual General Meeting for the year 2017-18 held on July 26, 2018:

1. Special Resolution was passed towards adoption of amended Articles of Association.

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 disclosed through electronic platform 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 presentations made to the analysts are also placed on the website of the Company.

11. General Shareholder Information:

I. Annual General Meeting Date, Time and Venue:

21st Annual General Meeting

Date and Time: July 31, 2019 at 3.30 pm

Venue: The Residency Towers, The Town Hall, 115, Sir Thyagaraya Road, T. Nagar, Chennai - 600 017

II. Financial calendar:

Tentative Financial Calendar for the year 2019-20

Financial Year	April 1, 2019 to March 31, 2020
First Quarter Results	On or before August 14, 2019
Half Yearly Results	On or before November 14, 2019
Third Quarter Results	On or before February 14, 2020
Fourth Quarter and Annual Results	On or before May 30, 2020

III. Date of book closure:

July 27, 2019 to July 31, 2019 (both days inclusive)

IV. Listing of Stock Exchanges and Stock Code:

10,713,381 equity shares of Rs.10/- each is listed at

Name of the Stock Exchange	Stock Symbol
National Stock Exchange of India Limited (NSE), Exchange Plaza, Bandra-Kurla Complex Bandra (East), Mumbai – 400 051	EXPLEOSOL
BSE Limited (BSE), PJ Towers, Dalal Street, Mumbai – 400 001	533121

The Company has paid the annual listing fees for the year 2018-19 to both the above Stock Exchanges.

V. Market Price data:

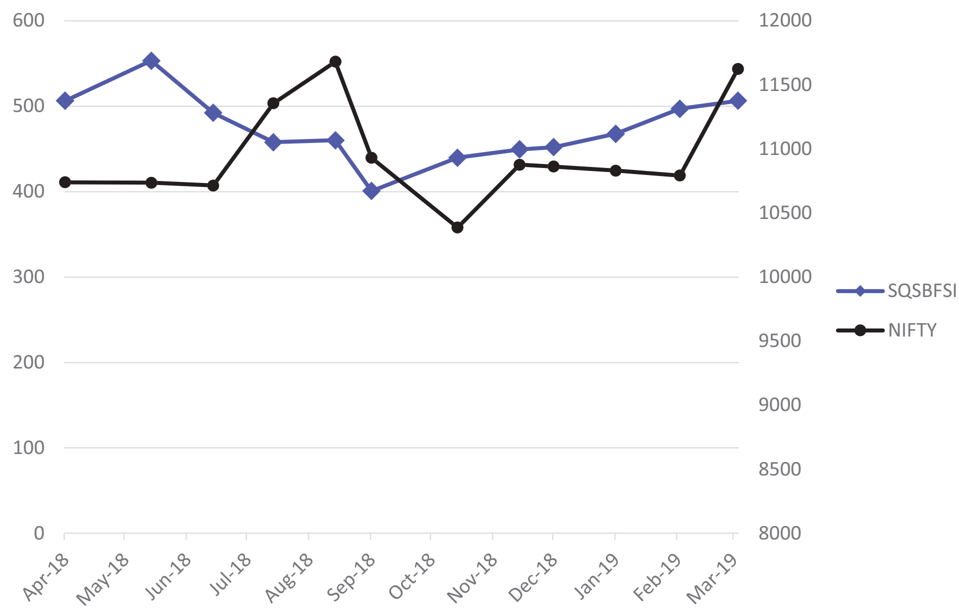
The closing market price of equity shares on March 29, 2019 (last trading day of the year) was Rs.506.40 on NSE and Rs. 506.80 on BSE.

VI. Monthly share price movement during 2018-19 at NSE & BSE:

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

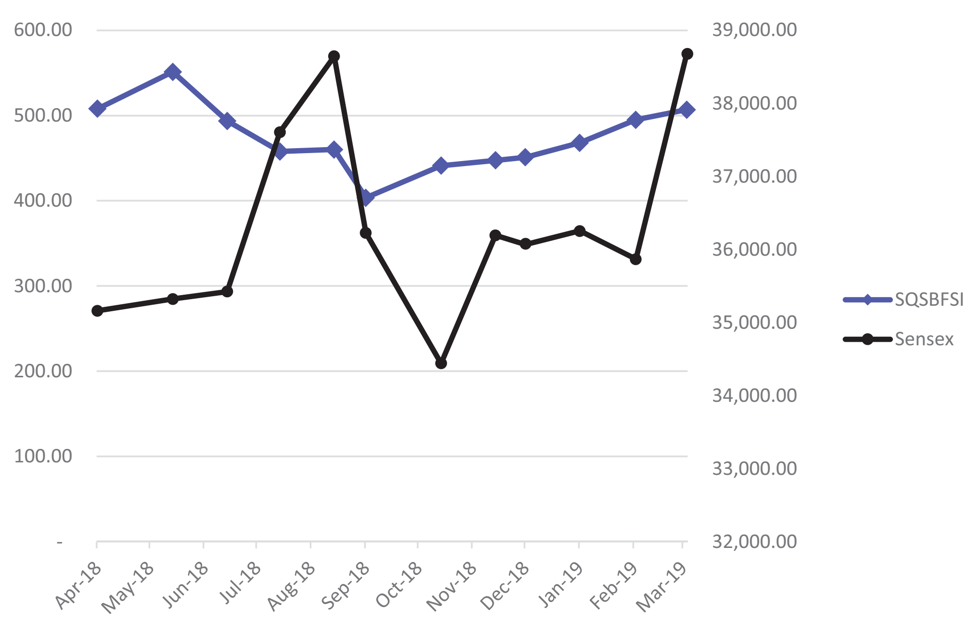
MONTH	NSE			BSE		
	HIGH (Rs.)	LOW (Rs.)	VOLUME	HIGH (Rs.)	LOW (Rs.)	VOLUME
April, 2018	525.00	479.00	183,278	507.95	480.00	17,099
May, 2018	598.65	503.15	926,912	551.25	506.55	132,738
June, 2018	564.25	485.00	178,094	493.65	478.20	27,927
July, 2018	545.00	452.50	195,812	457.85	450.00	31,867
August, 2018	468.55	425.00	183,613	460.05	420.00	18,542
September, 2018	469.90	396.00	100,815	403.60	400.05	12,294
October, 2018	444.70	377.00	239,715	441.20	379.00	23,764
November, 2018	476.90	432.00	82,245	447.50	429.05	26,090
December, 2018	465.95	420.00	72,232	451.05	420.00	13,122
January, 2019	473.65	422.40	98,426	468.05	420.05	12,348
February, 2019	511.00	426.10	245,451	495.00	425.10	37,707
March, 2019	529.75	491.50	183,737	506.80	494.00	24,522
TOTAL			**2,690,330**			**378,020**

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



	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19
SQSBFSI	506.45	553.25	492.3	457.9	460.1	400.85	439.8	449.45	452.15	467.7	497.05	506.4
NIFTY	10,739.35	10,736.15	10,714.30	11,356.50	11,680.50	10,930.45	10,386.60	10,876.75	10,862.55	10,830.95	10,792.50	11,623.90

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



	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19
SQSBFSI	507.95	551.25	493.65	457.85	460.05	403.60	441.20	447.50	451.05	468.05	495.00	506.80
Sensex	35,160.36	35,322.38	35,423.48	37,606.58	38,645.07	36,227.14	34,442.05	36,194.30	36,068.33	36,256.69	35,867.44	38,672.91

VIII. 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	M/s. Cameo Corporate Services Limited Subramanian Building, No.1, Club House Road, Chennai 600 002
Tel	+91 044-2846 0390 / 044-4002 0700
E-mail ID	investor@cameoindia.com
Website	http://www.cameoindia.com/

IX. 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 lodgement, subject to documents being correct, valid and complete in all respects.

X. Distribution of shareholding as at March 31, 2019:

Category (Amount)	No. of Shareholders	% of Shareholders	No. of shares held	Amount (Rs.)	% of Amount
1-5000	13521	92.86	1,031,486	10,314,860	9.63
5001- 10000	488	3.35	375,343	3,753,430	3.50
10001- 20000	251	1.72	368,198	3,681,980	3.44
20001- 30000	109	0.75	273,097	2,730,970	2.55
30001- 40000	47	0.32	166,609	1,666,090	1.56
40001- 50000	38	0.26	174,366	1,743,660	1.63
50001- 100000	47	0.32	351,092	3,510,920	3.28
100001& Above	60	0.41	7,973,190	79,731,900	74.42
Total	**14561**	**100.00**	**10,713,381**	**107,133,810**	**100.00**

Shareholding Pattern as on March 31, 2019:

SI.No	Category	Number of Shares	% of holding
1	Promoters	5,758,804	53.75%
2	Mutual Funds	-	-
3	Foreign Portfolio Investors	39	0.00%
4	Bodies Corporate	755,796	7.05%
5	Non-Resident Indians	355,356	3.32%
6	Public and Others	3,843,386	35.87%
	Total	**10,713,381**	**100.00%**

XI. Dematerialization of securities and liquidity:

As on March 31, 2019, 10,713,377 shares of the Company were held in dematerialized form and 4 shares were held in physical form. The demat security (ISIN) code for the equity share is INE201K01015.

XII. Outstanding GDRs/ADRs/warrants/any other convertible instruments:

The Company has not issued instruments of the captioned type.

XIII. Foreign Exchange Risk and Hedging Activities:

The Company does not have any policy for hedging the exchange fluctuations. The Company does not hedge for any future payments / receipts in foreign currency. 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.

XIV. Locations:

The Company has three Delivery Centers at Chennai and Sales office cum Delivery Centre in Mumbai. The Company has branch offices in Belgium and Malaysia. The addresses of these offices are available on the Company's website.

XV. Details of Unpaid Dividends:

The Company is required to transfer dividends which have remained unpaid / unclaimed for a period of seven years to the Investor Education & Protection Fund (IEPF) established by the Government. During the financial year 2018-19, an amount of Rs. 151,338/- which was lying in the Final Dividend 2010-11 account and an amount of Rs.292,172/- which was lying in the Interim Dividend 2011-12 account of the Company was transferred to the IEPF on completion of 7 years.

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
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
Final Dividend	2015-16	28-Jul-16	2-Sep-23
Interim Dividend	2016-17	20-Oct-16	25-Nov-23
Final Dividend	2016-17	27-Jul-17	01-Sep-24
Interim Dividend	2017-18	26-Oct-17	01-Dec-24
Final Dividend	2017-18	26-Jul-18	31-Aug-25

Individual reminders are sent to those Members whose dividends have remained unclaimed. The information on unclaimed dividend is also posted on the website of the Company.

XVI. Address for Correspondence:

S. Sampath Kumar,

Company Secretary and Compliance Officer

Expleo Solutions Limited

(formerly known as SQS India BFSI 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.

All transactions entered into by the Company with related parties as defined under the Act and the Listing Regulations, during the financial year 2018-19 were in the ordinary course of business and on arm's length pricing basis and do not attract the provisions of Section 188 of the Act. There were no materially significant transactions with the related parties during the financial year which were in conflict with the interest of Company. Necessary disclosures as required under the Accounting Standards have been made in the Financial Statements. The Board has approved a policy on materiality of related party transactions and on dealing with related party transactions and the same is disclosed on the website of the Company at the link https://www.sqs-bfsi.com/_resources/Policy-on-materiality-of-Related-Party-Transactions.pdf.

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:

The Company has formulated and adopted a Whistle Blower policy. No employee has 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 https://www.sqs-bfsi.com/_resources/Whistle-Blower-Policy.pdf.

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 for determining Material Subsidiary:

The policy for determining Material Subsidiary of the Company is uploaded in the Company's website. The web link for the same is https://www.sqs-bfsi.com/_resources/Policy-for-determining-Material-Subsidiary.pdf.

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 https://www.sqs-bfsi.com/_resources/Policy-on-materiality-of-Related-Party-Transactions.pdf.

VII. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

a. Number of complaints filed during the financial year -	Nil
b. Number of complaints disposed off during the financial year -	Nil
c. Number of complaints pending as at end of the financial year.-	Nil

VIII. Disclosures with respect to demat suspense account / unclaimed suspense account: Nil.

IX. Compliances under SEBI (LODR) Regulations.

The Company is regularly complying with the SEBI (LODR) Regulations as stipulated under SEBI (LODR) Regulations. Information, certificates and returns as required under the provisions of SEBI (LODR) Regulations are sent to the stock exchanges within the prescribed time.

The total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part is Rs. 22,42,000/-.

A certificate from a company secretary in practice that none of the directors on the board of the company has been debarred or disqualified from being appointed or continuing as directors of companies by the Board or Ministry of Corporate Affairs or any such statutory authority is annexed herewith.

The Company has also complied with all the mandatory requirements of SEBI (LODR) Regulations. Further, the Company has also adopted voluntary requirement of the SEBI (LODR) Regulations relating to the “Separate posts of Chairperson and Chief Executive Officer”.

X. Reporting of Internal Auditor.

The internal auditor may report directly to the Audit Committee.

XI. CEO and CFO Certification.

The Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) of the Company have certified the annual certification on financial reporting and internal controls to the Board in terms of Regulation 17(8) read with Part B of Schedule II of the Listing Regulations.

The Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) have certified the financial results quarterly while placing the financial results before the Board in terms of Regulation 33(2) of the Listing Regulations.

The annual certificate given by the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) is given below followed by the certificate as per Regulation 17(8).

XII. Disclosure of Compliance with Corporate Governance Requirements specified in Regulation 17 to 27 and Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations.

The Company has complied with the applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including Regulation 17 to 27 and Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company submits a quarterly compliance report on corporate governance signed by the Compliance Officer to the Stock Exchange within 15 (fifteen) days from the close of every quarter. Such quarterly compliance reports on corporate governance are also posted on the website of the Company.

Compliance of the Conditions of Corporate Governance has also been certified by the Statutory Auditors of the Company. After being satisfied of the above compliances, they have issued a compliance certificate in this respect. The said certificate is attached to this report and the same will be forwarded to the Stock Exchanges along with the Annual Report of the Company.

INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of Expleo Solutions Limited (formerly known as SQS India BFSI Limited)

1. We, Kalyaniwalla & Mistry LLP, Chartered Accountants, the Statutory Auditors of Expleo Solutions Limited (formerly known as SQS India BFSI Limited) ("the Company") have examined the compliance of conditions of Corporate Governance by the Company, for the year ended March 31, 2019, as stipulated in Regulation 17 to 27 and clauses (b) to (i) of regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015, as amended ("SEBI Listing Regulations"), which we have initialled for identification purposes only.

Management's Responsibility

2. The compliance of conditions of Corporate Governance is the responsibility of the Management, including the preparation and maintenance of all relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the SEBI Listing Regulations.

Auditor's Responsibility

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company, for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
4. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
5. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

7. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulation 17 to 27 except Regulation 23(9) for which the Company is required to subsequently submit the disclosures of its related party transactions on a consolidated basis, within 30 days from the date of publication of its standalone and consolidated financial results for the half year, Clauses (b) to (i) of regulation 46(2) and paragraphs C, D and E of Schedule V of the SEBI Listing Regulations during the year ended March 31, 2019.
8. We 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.

Restriction on use

9. This certificate has been issued at the request of the Company solely for the purpose of enabling the Company to comply with the requirement of the SEBI Listing Regulations, and should not be used by any other person or for any other purpose without our prior written consent. Accordingly, we do

not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For KALYANIWALLA & MISTRY LLP

CHARTERED ACCOUNTANTS

Firm Registration Number 104607W/W100166

FARHAD M. BHESANIA

PARTNER

Membership Number 127355

Place : Chennai

Date : May 06, 2019

UDIN: 19127355AAAAAY7346

CERTIFICATE UNDER SCHEDULE V OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

TO THE MEMBERS OF EXPLEO SOLUTIONS LIMITED (FORMERLY KNOWN AS SQS INDIA BFSI LIMITED)

Based on the disclosures/declarations received from Directors appointed on the Board of Expleo Solutions Limited (formely known as SQS India BFSI Limited) ("Company") and information available on the web portal of Ministry of Corporate Affairs as on March 31, 2019, I hereby certify that as on the said date, none of the Directors on the Board of Company have been debarred or disqualified from being appointed or continuing as director of the Company by Securities and Exchange Board of India or Ministry of Corporate Affairs or any such statutory authority.

For M. Alagar & Associates

M. Alagar
Practising Company Secretary
FCS No. 7488/C P No. 8196

Place: Chennai
Date: May 06, 2019

CEO & CFO Certification

We, Balaji Viswanathan, Managing Director & Chief Executive Officer and Desikan Narayanan, 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, 2019 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, 2019 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	**Balaji Viswanathan**	**Desikan Narayanan**
Date : May 06, 2019	Managing Director & CEO	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, 2019, 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, 2019.

Place: Chennai

Date : May 06, 2019

Balaji Viswanathan

Managing Director and CEO

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF EXPLEO SOLUTIONS LIMITED (FORMERLY KNOWN AS SQS INDIA BFSI LIMITED)

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of **Expleo Solutions Limited (formerly known as SQS India BFSI Limited)** ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity, the Statement of Cash Flows for the year then ended, and notes to the standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013 ("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, 2019, it's profit, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("the ICAI") together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act, and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

	Key Audit Matter Description	Our Response
1.	**Revenue Recognition – Accuracy of recognition of revenue for fixed-bid contracts on percentage of completion method involving critical estimates.**	
	The Company derives revenue from software services which involve primarily delivering software validation and verification services to the banking, financial services and insurance industry worldwide. Arrangements with customers include fixed-bid contracts, revenue whereof is recognised on proportionate completion method on the basis of the work completed.	Our procedures included: Assessment of the appropriateness of the Company's revenue recognition policy for fixed-bid contracts to ensure that it meets the recognition and measurement principles enumerated in Ind AS 115 including disclosures in the financial statements. Obtained an understanding of the process and related controls for appropriate recognition of revenue. Evaluating the design and implementation, and testing the operating effectiveness of such controls over the revenue recognition and measurement criteria.

	Key Audit Matter Description	Our Response
	The use of proportionate completion method requires the Company to estimate the efforts or costs expended to date as a proportion to total efforts or costs to be expended. These estimates of efforts or costs to be expended has a high inherent uncertainty which is based on the judgements made by the Management in ascertaining the costs and the efforts required to complete the remaining contractual performance obligations. In view of the same, there is a risk of revenue for the year being misstated due to incorrect recognition of accrued or deferred revenue as a result of using overstated / understated estimates of the costs and efforts to complete the remaining contractual performance obligations. (Refer Note 2(b)(i) and Note 2(c) to the standalone Ind AS financial statements)	Tested fixed bid contracts to assess whether the revenues recognised to date were appropriate; this work included reviewing stage of completion by reference to post year end data and understanding budget versus actual variances where applicable and the impact on revenue to be recognised by reference to the stage of completion. We performed cut-off testing for a sample of revenue transactions around the period end date, to check that they were recognised in the appropriate period. Evaluated the judgements made through discussions with project staff. Assessing the adequacy of the Company's disclosures about the degree of estimation involved in revenue recognition.
2.	**Direct Tax Provisions – Uncertain Tax Positions**	
	The Company has extensive international operations and in the normal course of the business, the Management makes significant judgements and estimates in relation to transfer pricing tax issues and in assessing tax exposures in each jurisdiction, many of which require interpretation of local laws, including amount expected to be paid/ recovered for uncertain tax positions. Where the amount of tax payable is uncertain, the Company establishes provisions based on management's judgement of the probable amount of liability. This is a key judgement on account of the Company operating in a number of varying tax jurisdictions, the complexity of transfer pricing and other international tax legislations. Given this judgement, there is a risk that tax provisions are misstated.	Our procedures included: An understanding of: • the Company's tax strategy and transfer pricing policy; • the methodology for the calculation of the tax charge particularly in relation to any changes implemented during the current financial year; and • management's controls over tax reporting. We assessed the appropriateness of the tax provisions created by the Company and their use of estimates and judgements by involving our in-house tax specialist team, having discussions with the Company's management, assessed recent pronouncements affecting the methodology for calculation of tax charge and copies of external tax advice reports related to tax treatments applied and the corresponding provisions recorded. We have also evaluated whether the liabilities and potential exposures were appropriately disclosed in the Financial Statements.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report namely, the Chairman's Overview, the Performance Highlights – Decade at a Glance (on a consolidated basis), the Director's Report including annexures to the Director's Report and the Management Discussion and Analysis, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. 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 accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system with reference to financial statements in place and the operating effectiveness of such controls.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of the users of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 Companies Act, 2013, we give in "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

(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 (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards (Ind AS) 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 of the Company as on March 31, 2019 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.

(f) With respect to the adequacy of internal financial controls with reference to financial statements 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 the requirements of Section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid/ provided by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.

(h) 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 it's financial position in its standalone Ind AS financial statements - Refer Note 36 to the standalone Ind AS financial statements.

ii) The Company did not have any long-term contracts including derivative contracts during the year for which there were any material foreseeable losses.

iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For KALYANIWALLA & MISTRY LLP

CHARTERED ACCOUNTANTS

Firm Regn. No. 104607W/W100166

FARHAD M. BHESANIA
Partner

Membership Number 127355

Place : Chennai
Date : May 06, 2019

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

The Annexure referred to in paragraph 1 'Report on Other Legal and Regulatory Requirements' in our Independent Auditors' Report to the members of the Company on the Standalone Ind AS Financial Statements for the year ended March 31, 2019.

Statement on Matters specified in paragraphs 3 & 4 of the Companies (Auditor's Report) Order, 2016:

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

(b) As explained to us, the Company has a programme for physical verification of fixed assets at periodic intervals. In our opinion, the period of verification is reasonable having regard to the size of the Company and nature of its assets. The discrepancies noticed on such verification are not material and have been properly dealt with in the books of account.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

ii) The Company is in the business of rendering software testing service and does not have any inventory and hence the provisions of paragraph 3 (ii) of the Order are not applicable.

iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of sub-clauses (a), (b) and (c) of paragraph 3(iii) of the Order are not applicable.

iv) In our opinion and according to the information and explanations given to us, the provisions of Section 186 of the Act in respect of investments made have been complied with by the Company. In our opinion and according to the information and explanations given to us, the Company has not advanced any loans to the persons covered under Section 185 and 186 of the Act or given guarantees or granted securities as per the provisions of Section 186 of the Act.

v) In our opinion and according to the information and explanations given to us, the Company has not accepted any Deposits from the public and hence the directives issues by the Reserve Bank of India and the provisions of Section 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder are not applicable.

vi) According to the information and explanations given to us, the maintenance of cost records under sub-section (1) of Section 148 of the Act is not applicable to the Company under the Companies (Cost Records and Audit) Rules, 2014.

vii) (a) According to the information and explanations given to us and on the basis of the records examined by us, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess, Goods and Service Tax (GST) and any other statutory dues with the appropriate authorities, wherever applicable. We have been informed that there are no undisputed dues which have remained outstanding as at March 31, 2019, for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues outstanding of Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax and Goods and Service Tax on account of any dispute other than the following:

Sr. No.	Name of the statute	Amount (Rs. in million)	Financial Year (F.Y.) to which the amount relates	Forum where Dispute is Pending
1	Income Tax Act, 1961	24.33	2008-09	Income Tax Appellate Tribunal
2	Income Tax Act, 1961	68.00	2009-10	Commissioner of Income Tax (Appeals)
3	Income Tax Act, 1961	5.04	2011-12	Income Tax Appellate Tribunal
4	Income Tax Act, 1961	1.57	2012-13	Income Tax Appellate Tribunal
5	Income Tax Act, 1961	5.70	2013-14	Deputy Commissioner Income Tax
6	Income Tax Act, 1961	10.09	2014-15	Commissioner of Income Tax (Appeals)
7	Income Tax Act, 1961	2.01	2015-16	Commissioner of Income Tax (Appeals)
8	The Finance Act, 1994	633.58	2011-12 to 2015-16	The Customs Excise and Service Tax Appellate Tribunal (CESTAT)
9	The Finance Act, 1994	118.50	April 2016 to June 2017	The Customs Excise and Service Tax Appellate Tribunal (CESTAT)

viii) According to the information and explanations given to us and based on the documents and records produced to us, the Company does not have loans or borrowings from financial institutions, banks, government or debenture holders.

ix) According to the information and explanations given to us, the Company has neither raised money by way of initial public offer or further public offer (including debt instruments) nor taken any term loans during the year.

x) During the course of our examination of the books of account and records of the Company, and according to the information and explanations given to us and representations made by the Management, no material fraud by or on the Company by its officers or employees, has been noticed or reported during the year.

xi) According to the information and explanations given to us and based on our examination of the records examined by us, the Company has paid/ provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company, hence the provisions of paragraph 3 (xii) of the Order are not applicable.

xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with Sections 177 and 188 of the Act, where applicable, and details of such transactions have been disclosed in the standalone Ind AS financial statements as required by the applicable accounting standards.

xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with the directors or persons connected with them. Hence the provisions of Section 192 of the Act are not applicable.

xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Hence the provisions of paragraph 3 (xvi) of the Order are not applicable.

For KALYANIWALLA & MISTRY LLP

CHARTERED ACCOUNTANTS

Firm Regn. No. 104607W/W100166

FARHAD M. BHESANIA
Partner

Membership Number 127355

Place : Chennai
Date : May 06, 2019

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in Para 2 (f) 'Report on Other Legal and Regulatory Requirements' in our Independent Auditor's Report to the members of the Company on the standalone Ind AS financial statements for the year ended March 31, 2019.

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

We have audited the internal financial controls with reference to financial statements of **EXPLEO SOLUTIONS LIMITED (formerly known as SQS India BFSI Limited)** ("the Company") as at March 31, 2019 in conjunction with our audit of the standalone Ind AS 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 (the "Guidance Note") 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 Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. 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 with reference to financial statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS 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 with reference to financial statements.

Meaning of Internal Financial Controls with reference to Financial Statements

A Company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the standalone Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements 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 standalone Ind AS 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 standalone Ind AS financial statements.

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements 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 with reference to financial statements and such internal financial controls with reference to financial statements was operating effectively as at March 31, 2019, 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 KALYANIWALLA & MISTRY LLP

CHARTERED ACCOUNTANTS

Firm Registration Number 104607W/W100166

FARHAD M. BHESANIA
Partner

Membership Number 127355

Place : Chennai
Date : May 06, 2019

Standalone Balance Sheet as at March 31, 2019

Rs. In Millions

Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	3	186.35	212.79
Intangible Assets	3	1.97	10.69
Financial Assets			
(i) Investments in Subsidiaries	4	40.15	40.15
(ii) Loans	5	8.79	8.67
(iii) Other Non-Current Financial Assets	6	-	0.38
Deferred Tax Assets	7	25.38	16.94
Income Tax Assets (Net)	8	9.32	19.73
Other Non-Current Assets	9	28.50	9.60
Total Non-Current Assets		**300.46**	**318.95**
Current Assets			
Financial Assets			
(i) Trade Receivables	10	300.24	568.44
(ii) Cash and Cash Equivalents	11	831.65	307.80
(iii) Bank Balances other than (ii) above	12	8.06	254.80
(iv) Loans	13	26.34	11.51
(v) Other Current Financial Assets	14	57.51	40.53
Other Current Assets	15	64.30	36.14
Total Current Assets		**1,288.10**	**1,219.22**
TOTAL ASSETS		**1,588.56**	**1,538.17**
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	16	107.13	107.10
Other Equity	17	961.69	906.86
Total Equity		**1,068.82**	**1,013.96**
LIABILITIES			
Non-Current Liabilities			
Provisions	18	7.64	-
Total Non-Current Liabilities		**7.64**	**-**
Current Liabilities			
Financial Liabilities			
(i) Trade Payables			
(A) Total outstanding dues of micro enterprises and small enterprises; and	37	0.10	-
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises		183.92	117.49
(ii) Other Current Financial Liabilities	19	232.63	240.49
Other Current Liabilities	20	43.24	58.73
Provisions	21	2.55	13.30
Current Tax Liabilities (Net)	22	49.66	94.20
Total Current Liabilities		**512.10**	**524.21**
TOTAL EQUITY AND LIABILITIES		**1,588.56**	**1,538.17**
Significant Accounting Policies	2		

The accompanying notes form an integral part of the Standalone Financial Statements.

As per our Report of even date.

Signatures to the Standalone Balance Sheet and Notes to Standalone Financial Statements

For KALYANIWALLA & MISTRY LLP
CHARTERED ACCOUNTANTS
Firm Regn. No. 104607W/W100166

FARHAD M. BHESANIA
Partner
Membership Number 127355
Place : Chennai
Date : May 06, 2019

For and on behalf of the Board

RENÉ GAWRON	BALAJI VISWANATHAN	DESIKAN NARAYANAN	S. SAMPATH KUMAR
Chairman & Director	Managing Director & CEO	Chief Financial Officer	Company Secretary & Compliance Officer
DIN : 06744645	DIN : 06771242		ICSI Membership No. F3838

Place : Chennai
Date : May 06, 2019

Standalone Statement of Profit and Loss for the year ended March 31, 2019

Rs. In Millions

Particulars	Note No.	For the year ended March 31, 2019	For the year ended March 31, 2018
INCOME			
Revenue from Operations	23	2,827.73	2,712.33
Other Income	24	55.53	125.69
Total Income		**2,883.26**	**2,838.02**
EXPENSES			
Employee Benefits Expense	25	1,249.77	1,153.57
Finance Cost	26	0.67	2.87
Depreciation and Amortisation Expense	3	54.76	55.36
Other Expenses	27	1,097.79	1,203.38
Total Expenses		**2,402.99**	**2,415.18**
Profit before exceptional items and tax		**480.27**	**422.84**
Exceptional Items	28	-	6.89
Profit Before Tax		**480.27**	**429.73**
Tax Expense			
Current Tax	7 (b)	173.50	153.62
Deferred Tax	7 (a)	(7.61)	(3.96)
Profit for the Year		**314.38**	**280.07**
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Remeasurement of the defined benefit plan		(2.38)	(1.18)
Income tax relating to items that will not be reclassified to profit or loss	7 (c)	0.83	0.41
Items that will be reclassified to profit or loss		-	-
Income tax relating to items that will be reclassified to profit or loss		-	-
Total Comprehensive Income for the Year		**312.83**	**279.30**
Earnings per Equity Share (Face value Rs. 10/- per share)			
Basic (Rs.)	29	29.35	26.19
Diluted (Rs.)	29	29.35	26.19
Significant Accounting Policies	2		

The accompanying notes form an integral part of the Standalone Financial Statements.

As per our Report of even date

Signatures to the Standalone Statement of Profit & Loss and Notes to Standalone Financial Statements

For KALYANIWALLA & MISTRY LLP
CHARTERED ACCOUNTANTS
Firm Regn. No. 104607W/W100166

FARHAD M. BHESANIA
Partner
Membership Number 127355
Place : Chennai
Date : May 06, 2019

For and on behalf of the Board

RENÉ GAWRON
Chairman & Director
DIN : 06744645

BALAJI VISWANATHAN
Managing Director & CEO
DIN : 06771242

DESIKAN NARAYANAN
Chief Financial Officer

S. SAMPATH KUMAR
Company Secretary & Compliance Officer
ICSI Membership No. F3838

Place : Chennai
Date : May 06, 2019

Standalone Statement Of Changes In Equity for the year ended March 31, 2019

(a) Equity Share Capital

Rs. In Millions

Balance as at April 1, 2017	Changes in equity share capital during the year	Balance as at March 31, 2018
106.80	0.30	107.10

Rs. In Millions

Balance as at April 1, 2018	Changes in equity share capital during the year	Balance as at March 31, 2019
107.10	0.03	107.13

(b) Other Equity

Rs. In Millions

Particulars	Employee Stock Compensation Reserve	Reserves and Surplus			Total
		Securities Premium	General Reserve	Retained Earnings	
Balance as at April 1, 2017	**0.33**	**190.03**	**153.09**	**588.67**	**932.12**
Profit for the year	-	-	-	280.07	**280.07**
Remeasurement of post employment benefit obligation, net of tax (OCI)	-	-	-	(0.77)	**(0.77)**
Total Comprehensive Income for the Year	**-**	**-**	**-**	**279.30**	**279.30**
Dividend (Including Dividend Distribution Tax)	-	-	-	(308.73)	**(308.73)**
Transfer to General Reserve	-	-	28.00	(28.00)	**-**
Securities premium received on issue of shares on exercise of employee stock options during the year	-	3.19	-	-	**3.19**
Employee stock option compensation cost	0.98	-	-	-	**0.98**
Balance as at March 31, 2018	**1.31**	**193.22**	**181.09**	**531.24**	**906.86**
Profit for the year	-	-	-	314.38	**314.38**
Remeasurement of post employment benefit obligation, net of tax (OCI)	-	-	-	(1.55)	**(1.55)**
Total Comprehensive Income for the Year	**-**	**-**	**-**	**312.83**	**312.83**
Dividend (Including Dividend Tax)	-	-	-	(258.31)	**(258.31)**
Transfer to General Reserve	-	-	31.00	(31.00)	**-**
Securities premium received on issue of shares on exercise of employee stock options during the year	-	0.31	-	-	**0.31**
Balance as at March 31, 2019	**1.31**	**193.53**	**212.09**	**554.76**	**961.69**

As per our Report of even date

For KALYANIWALLA & MISTRY LLP
CHARTERED ACCOUNTANTS
Firm Regn. No. 104607W/W100166

FARHAD M. BHESANIA
Partner

Membership Number 127355
Place : Chennai
Date : May 06, 2019

Signatures to the Standalone Statement of change in Equity and Notes to Standalone Financial Statements

For and on behalf of the Board

RENÉ GAWRON
Chairman & Director
DIN : 06744645

BALAJI VISWANATHAN
Managing Director & CEO
DIN : 06771242

DESIKAN NARAYANAN
Chief Financial Officer

S. SAMPATH KUMAR
Company Secretary & Compliance Officer
ICSI Membership No. F3838

Place : Chennai
Date : May 06, 2019

Standalone Statement of Cash Flows for the year ended March 31, 2019

Rs. In Millions

Particulars	For the Year Ended March 31, 2019	For the Year Ended March 31, 2018
A. Cash flow from operating activities		
Profit before tax	**480.27**	**429.73**
Adjustment for:		
Depreciation and Amortization Expense	54.76	55.36
Loss/ (Profit) on sale of Property, Plant and Equipment	0.78	(0.15)
Exceptional Items	-	(6.89)
Provision no longer required	(4.63)	(3.49)
Unrealized forex exchange loss/(gain) (Net)	27.49	(41.44)
Interest income	(14.35)	(12.35)
ESOP Compensation Cost	-	0.98
(Reversal of)/Allowance for credit loss	(1.00)	0.67
Unwinding of discount on security deposits	(1.11)	(1.03)
Operating profit before working capital changes	**542.21**	**421.38**
Adjustment for:		
(Increase)/ Decrease in Trade Receivables	247.44	184.46
(Increase)/ Decrease in Loans	(13.77)	4.36
(Increase)/ Decrease in Other Current Financial Assets	(20.86)	(26.39)
(Increase)/ Decrease in Other Current Assets	(28.70)	(4.15)
(Increase)/ Decrease in Other Non-Current Assets	3.10	(0.41)
Increase/ (Decrease) in Trade Payables	66.74	26.59
Increase/ (Decrease) in Other Current Financial Liabilities	(5.52)	58.27
Increase/ (Decrease) in Other Current Liabilities	(15.48)	20.60
Increase/ (Decrease) in Provisions	(3.11)	0.41
Cash generated from operations	**772.05**	**685.12**
Direct taxes paid (net of refunds)	(229.64)	(138.92)
Net cash flow from operating activities (A)	**542.41**	**546.20**
B. Cash flow from investing activities		
Investment in bank deposits having maturity greater than 3 months	(212.51)	(431.77)
Proceeds from maturity of Fixed Deposits	459.63	240.34
Payments for purchase of Property, Plant and Equipment and Intangible Assets	(23.47)	(12.43)
Proceeds from sale of Property, Plant and Equipment	3.09	0.18
Interest received on deposit with banks	18.23	9.13
Proceeds from liquidation of a subsidiary	-	9.61
Net cash flow from/(used in) investing activities (B)	**244.97**	**(184.94)**
C. Cash Flow from financing activities		
Proceeds from Issue of Shares	0.34	3.50
Dividends paid	(214.27)	(256.51)
Tax on dividend paid	(44.04)	(52.22)
Net cash (used in) financing activities (C)	**(257.97)**	**(305.23)**
Net Increase/(Decrease) in cash & cash equivalents (A+B+C)	**529.41**	**56.03**
Effect of changes in exchange rate on cash and cash equivalents	(5.56)	15.64
Cash & cash equivalents at the beginning of the year	307.80	236.13
Cash and cash equivalents at the end of the year (Refer Note 11)	**831.65**	**307.80**

Notes: The above Statement of Cash Flows includes Rs. 7.97 Million spent (Previous Year: Rs. 7.18 Million) towards Corporate Social Responsibility (CSR) Activities (Refer Note 40).

The accompanying notes form an integral part of the Standalone Financial Statements.

As per our Report of even date.

For KALYANIWALLA & MISTRY LLP
CHARTERED ACCOUNTANTS
Firm Regn. No. 104607W/W100166

FARHAD M. BHESANIA
Partner
Membership Number 127355
Place : Chennai
Date : May 06, 2019

For and on behalf of the Board

RENÉ GAWRON
Chairman & Director
DIN : 06744645

BALAJI VISWANATHAN
Managing Director & CEO
DIN : 06771242

DESIKAN NARAYANAN
Chief Financial Officer

S. SAMPATH KUMAR
Company Secretary & Compliance Officer
ICSI Membership No. F3838

Place : Chennai
Date : May 06, 2019

Notes to the Standalone Financial Statements for the year ended March 31, 2019

Note: 1

Company Overview:

Expleo Solutions Limited (formerly known as SQS India BFSI Limited) ("Expleo Solutions" 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 were listed on the National Stock Exchange and Bombay Stock Exchange with effect from October 26, 2009.

The Company is a subsidiary of Expleo Technology Germany AG (formerly known as SQS Software Quality Systems AG, Germany).

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

The Financial Statements of the Company for year ended March 31, 2019 were authorized for issue in accordance with a resolution of the Board of Directors on May 6, 2019.

Note: 2

Significant Accounting Policies:

a) Basis of preparation of financial statements:

i) Compliance with Ind AS:

The Financial Statements of the Company have been prepared in accordance with the Indian Accounting Standards ("Ind AS") as notified by the Ministry of Coporate Affair pursuant to Section 133 of the Companies Act, 2013 ("the Act"), the Companies Indian Accounting Standards Rules, 2015, as amended, and other applicable provisions of the Act.

ii) Historical Cost Convention:

The Standalone Ind AS Financial Statements have been prepared on historical cost basis except for the following assets and liabilities which have been measured at fair value:

a. Certain financial assets and liabilities that are measured at fair value

b. Defined benefit plans - plan assets and share based payments measured at fair value.

Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing standard requires a change in the accounting policy hitherto in use.

The Standalone Financial Statements include figures pertaining to Head office and Branches/ Places of Business located at Madras Export Processing Zone - Chennai, Belgium and Malaysia. The Australia branch has no transactions during the year and is in the process of closure.

b) Critical Accounting Estimates:

While preparing the financial statements in conformity with Ind AS, the management has made certain estimates and assumptions that require subjective and complex judgments. These judgments affect the application of accounting policies and the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the balance sheet date and the reported amount of income and expenses for the reporting period. Future events rarely develop exactly as forecasted and the best estimates require adjustments, as actual results may differ from these estimates under different assumptions or conditions.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized prospectively.

Judgments, estimates and assumptions are required for:

i) Revenue Recognition:

Revenue from Contracts with Customers:

The Company uses percentage of completion method for its fixed-bid contracts. The use of

Notes to the Standalone Financial Statements for the year ended March 31, 2019

percentage of completion method requires the Company to estimate the efforts or costs expended to date as a proportion to total efforts or costs to be expended. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provision for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

ii) Determination of the estimated useful lives and residual values of tangible assets:

Useful lives of tangible assets are based on the life prescribed in the Schedule II of the Companies Act, 2013. In cases, where the useful lives are different from that prescribed in Schedule II, they are based on management's technical evaluation taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset and past history of replacements. Assumptions are also made, when the Company assesses, whether an asset may be capitalised and which components of the cost of the asset may be capitalised.

The estimation of residual value of the asset is based on the management's judgement about the condition of such asset at the point of sale of asset.

iii) Recognition and measurement of defined benefit obligation:

The obligation arising from defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation, attrition rate and life expectancy. The discount rate is determined by reference to market yields at the end of the reporting period on government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations. Due to complexities involved in the valuation, defined benefit obligation is sensitive to changes in these assumptions. All assumptions are reviewed at each reporting period.

iv) Recognition of deferred tax assets:

Deferred Tax Assets and Liabilities are recognised for the future tax consequences of temporary differences between the carrying value of assets and liabilities and their respective tax bases and unutilised business loss and depreciation carry forwards and tax credits. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the deductible temporary difference, depreciation carry forwards and unused tax credits could be utilised.

v) Leave Encashment:

The Company has a policy on the compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation. Expenses on non-accumulating compensated absences is recognised in the period in which the absences occur.

vi) Income Tax:

Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/ recovered for uncertain tax positions.

vii) Impairment of Investments:

The Company reviews its carrying value of investments in subsidiaries at cost annually, or more frequently when there is an indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

viii) Expected credit losses on financial assets:

On application of Ind AS 109, the impairment provisions of financial assets are based on assumptions about risk of default and expected timing of collection. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history of collections, customer's credit-worthiness, existing market conditions as well as forward looking estimates at the end of each reporting period.

Notes to the Standalone Financial Statements for the year ended March 31, 2019

ix) Provisions and Contingent Liabilities:

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the balance sheet date. The actual outflow of resources at a future date may therefore, vary from the amount included in other provisions.

x) Discounting of long term financial assets/ liabilities:

All financial assets/ liabilities are required to be measured at fair value on initial recognition. In case of financial assets/ liabilities which are required to be subsequently measured at amortized cost, interest is accrued using the effective interest method.

c) Revenue Recognition:

Effective April 1, 2018, the Company adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative catch-up transition method, applied to contracts that were not completed as at April 1, 2018. In accordance with the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted. The effect on adoption of Ind AS 115 was insignificant.

Revenue is recognized upon transfer of control of promised services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services.

The significant accounting policies related to revenue recognition are as under :

Software service income:

The Company has applied the guidance in Ind AS 115 'Revenue from Contracts with Customers' by applying the revenue recognition criteria for each distinct performance obligation. The arrangements with customers generally meet the criteria for considering software testing services as distinct performance obligations. The transaction price as allocated to each distinct performance obligation is defined in the contract with the customer. In case of fixed bid contracts, the performance obligations are satisfied as and when the services are rendered since the customer generally obtains control of the work as it progresses and the entity's performance creates an asset with no alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

i. The Company derives revenue from software services which involve primarily delivering software validation and verification services to the banking, financial services and insurance industry worldwide. Arrangements with customers are on a fixed-bid or a time-and-material basis.

ii. 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 as there is a direct relationship between input and productivity.

iii. Revenue from fixed bid contract, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity.

Revenues in excess of invoicing are classified as contract assets (which the Company refers to as Unbilled Revenue) while invoicing in excess of revenues are classified as contract liabilities (which the Company refers to as Unearned Revenue).

The billing schedules agreed with customers include periodic performance based payments and / or milestone based progress payments. Invoices are payable within contractually agreed credit period.

iv. The Company accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the rateable allocation of the discounts/

Notes to the Standalone Financial Statements for the year ended March 31, 2019

incentives to each of the underlying performance obligation that corresponds to the progress by the customer towards earning the discount/ incentive. Also, when the level of discount varies with increases in levels of revenue transactions, the Company recognizes the liability based on its estimate of the customer's future purchases. If it is probable that the criteria for the discount will not be met, or if the amount thereof cannot be estimated reliably, then discount is not recognized until the payment is probable and the amount can be estimated reliably. The Company recognizes changes in the estimated amount of obligations for discounts in the period in which the change occurs.

v. Revenue includes reimbursement of expenses wherever billed as per the terms of the contracts.

vi. Deferred contract costs are incremental costs of obtaining a contract which are recognized as assets and amortized over the term of the contract.

vii. The Company presents revenues net of indirect taxes in its Statement of Profit and Loss.

viii. Provision for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current contract estimates.

d) Interest Income:

Interest Income is recognised using the effective interest rate method.

e) Dividend Income:

Dividend income is recognized when the right to receive payment is established.

f) Other Income:

Other Income is recognized when the right to receive is established.

g) Government Grants:

Grants from the government are recognised when there is reasonable assurance that:

(i) the Company will comply with the conditions attached to them; and

(ii) the grant will be received.

h) Property, Plant and Equipment:

Property, plant and equipment 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 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 management's 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 and Improvements	Tenure of lease period or 10 years whichever is less
Residual Value is considered to be NIL.	

In the view of the management, assets individually costing Rs. 5,000/- or less are depreciated in full in the year of acquisition.

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end.

Notes to the Standalone Financial Statements for the year ended March 31, 2019

Advances paid towards the acquisition of property, plant and equipment outstanding at each Balance Sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to property, plant and equipment are capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in the Statement of Profit and Loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

i) Intangible Assets:

Intangible Assets are stated at costs less accumulated amortization and impairment losses if any. Intangible Assets are amortized over their respective individual estimated useful lives on a straight line basis, from the date they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as stability of the industry, and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset. Amortization methods and useful lives are reviewed periodically including at each financial year end. If the estimated useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. The costs which can be capitalized include the cost of material, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use.

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.	

In the view of the management, intangible assets individually costing Rs. 5,000/- or less have a useful life of one year and are hence fully amortised in the year of acquisition.

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

j) Financial Instruments:

(i) Initial Recognition:

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities that are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

(ii) Subsequent Measurement:

a) Non-derivative financial instruments:

(i) Financial instruments measured at amortized cost:

A financial instrument is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows, and the contractual terms of the financial asset give rise on specified dates to cash flows

Notes to the Standalone Financial Statements for the year ended March 31, 2019

that are solely payments of principal and interest on the principal outstanding.

The computation of amortized cost is done using the Effective Interest Rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The EIR amortization is included in interest income in the Statement of Profit and Loss.

(ii) Financial Assets at fair value through Other Comprehensive Income:

A financial instrument is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Further, in cases where the Company has made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognized in Other Comprehensive Income.

(iii) Financial Assets at fair value through profit and loss:

A financial asset which is not classified in any of the above categories is subsequently fair valued through profit or loss.

(iv) Financial Liabilities:

Financial Liabilities are subsequently carried at amortized cost using the effective interest rate method. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

(v) Investments in subsidiaries:

Investments in subsidiaries are carried at cost in the separate financial statements.

b) Share Capital:

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of ordinary equity shares are recognized as a deduction from equity, net of any tax effects.

c) Derivatives:

Derivatives include foreign currency forward contracts. It is measured at fair value. Fair value of foreign currency forward contracts are determined using the fair value reports provided by the respective banks.

(iii) Derecognition of financial instruments:

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial assets and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

(iv) Offsetting of financial instruments:

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

k) Impairment:

(i) Financial Assets:

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, ECLs are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of ECLs (or reversal) that is required to adjust the loss allowance at the reporting date, to the amount that is required to be recognized, is recognized as an

Notes to the Standalone Financial Statements for the year ended March 31, 2019

impairment gain or loss in the Statement of Profit and Loss.

(ii) Non-financial assets:

Intangible assets and property, plant and equipment:

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

If such assets are required to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the Statement of Profit and Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

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

l) Fair value of financial instruments:

The Company's accounting policies and disclosures require the measurement of fair values for financial instruments.

The Company has an established control framework with respect to the measurement of fair values. The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of a financial asset or a financial liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

Refer to Note 31 in the Financial Statements for the disclosure on carrying value and fair value of financial assets and liabilities. For financial assets and liabilities maturing within one year from the Balance Sheet date and which are not carried at fair value, the carrying amounts approximate fair value due to the short maturity of these instruments.

m) Provisions and Contingencies

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that is reasonably estimable, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions (excluding retirement benefits) are not discounted to their present

Notes to the Standalone Financial Statements for the year ended March 31, 2019

value and are determined based on the 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.

Onerous Contracts:

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

Contingent Liabilities are disclosed in the notes to accounts. 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 recognise a contingent liability but disclose its existence in the financial statements.

Contingent assets are not recognised but their existence is disclosed in the financial statements.

n) Foreign Currency:

Functional Currency:

The functional currency of the Company is the Indian rupee. These Standalone Financial Statements are presented in Indian rupees.

Transactions and Translations:

Foreign currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in net profit in the Statement of Profit and Loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date of the transaction.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which transaction is settled. Exchange differences on account of conversion of foreign operations are also recognized as income or as expense in the year in which they arise. Revenue and expense items pertaining to foreign operations denominated in foreign currencies are translated into the relevant functional currencies using the monthly weighted average exchange rate of the respective currencies. The gains or losses resulting form such transactions are included in exchange loss / gain under the head “Other Expenses” or under the head “Other Income” respectively in the Statement of Profit and Loss

o) Earnings per share:

Basic earnings per equity share are computed by dividing the net profit/(loss) attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share are computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares considered for deriving basic earnings per equity share that could have been issued upon conversion of all dilutive potential equity shares.

The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

p) Income taxes:

Income tax expense comprises of current and deferred income tax. Income tax expense is recognized in the Statement of Profit and Loss for items recognised in the Statement of Profit and Loss. Income tax relating to items recognised outside the Statement of Profit and

Notes to the Standalone Financial Statements for the year ended March 31, 2019

Loss is recognised outside the Statement of Profit and Loss (either in Other Comprehensive Income (OCI) or in Equity). Current tax items are recognised in correlation to the underlying transactions either in OCI or directly in equity.

Current Tax:

Current income tax for current and prior periods (including Minimum Alternate Tax (MAT)) is recognized at the amount expected to be paid to or recovered from the tax authorities in accordance with the Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that have been enacted or substantially enacted, at the reporting date.

Current tax assets and liabilities are offset only if, the Company:

a) has a legally enforceable right to set off the recognized amounts; and

b) Intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred Tax:

Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantially enacted by the Balance Sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. Deferred income taxes are not provided on the undistributed earnings of subsidiaries and branches where it is expected that the earnings of the subsidiary or branch will not be distributed in the foreseeable future.

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 Alternate 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.

q) Employee Benefits:

(i) Short term employee benefits:

Short term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Leave Encashment:

The Company pays leave encashment on short term basis for Onsite employees for the period of leave they are entitled to during their onsite stay.

(ii) Post Employment obligations:

(a) Defined contribution plans:

Employee benefits in the form of Provident Fund/ Social Security payments are defined contribution schemes and 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. Obligations for contributions to defined contribution plans are expensed as the related service is provided.

Notes to the Standalone Financial Statements for the year ended March 31, 2019

(b) Defined benefit plan:

Gratuity:

The Company provides for gratuity, a defined benefit retirement plan ('the Gratuity Plan') covering all its eligible employees. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Company.

Liability with regard to the gratuity plan are determined by actuarial valuation, performed by an independent actuary, at each Balance Sheet date using the projected unit credit method. The Company recognizes the net obligation of a defined benefit plan in its Balance Sheet as an asset or liability.

Re-measurement of the net defined benefit liability, which comprise actuarial gains and losses, are recognised immediately in other comprehensive income. Net interest expense/(income) on the net defined liability/(asset) is computed by applying the discount rate, used to measure the net defined liability/(asset). Net interest expense and other expenses related to defined benefit plans are recognised in the Statement of Profit and Loss.

(iii) Long Term Employee Benefits

The Company's net obligation in respect of long term employee benefits for offshore employees, being long term compensated absences, is the amount of future benefits that employee have earned in return for the service in the current and prior periods. The liability is determined by an independent actuary, using Projected Unit Credit Method. Actuarial gains and losses are recognised immediately as income or expense in the Statement of Profit and Loss. Obligation is measured at the present value of estimated future cash flows using a discount rate that is determined by reference to the market yields at the Balance Sheet date on Government Bonds where the currency and terms of the Government Bonds are consistent with the currency and estimated terms of the defined benefit obligation.

r) Share based compensation:

The Company recognizes compensation expense relating to share-based payments in net profit using fair value in accordance with Ind AS 102 'Share-Based' Payment. The estimated fair value of awards is charged to income on a straight line basis over the requisite service period for each separately vesting portion of the award as if the award was in-substance, multiple awards with a corresponding increase to share options outstanding account. The amount recognized as an expense is adjusted to reflect the actual number of stock options that vest.

s) Statement of Cash Flows:

The Statement of Cash Flows has been prepared under the 'Indirect method' as set out in Ind AS 7, 'Statement of Cash Flows', whereby profit for the period is adjusted for the effect of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

Cash and Cash Equivalents in the Statement of Cash Flows comprise cash at bank and in hand and fixed deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

t) Dividends:

The final dividend on shares is recorded as a liability on the date of approval by the shareholders, and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

u) Lease:

Where the Company is a lessee:

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating lease. Lease payments under operating leases are recognized as an expense on a straight line basis in the Statement of Profit and Loss over the lease term as per the terms of the agreement.

Notes to the Standalone Financial Statements for the year ended March 31, 2019

v) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The Company's operations predominantly relate to software validation and verification services relating to banking, financial services and insurance industry and accordingly, this is the only primary reportable business segment. The segment sales information is provided on a geographical basis classified as India and the rest of the world.

w) Recent accounting pronouncements - Standards issued but not yet effective:

As per notification dated March 30, 2019, the Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2019 and the Companies (Indian Accounting Standards) Second Amendment Rules, 2019 notifying Ind AS 116 'Leases' and amendments to other Ind ASs. The effective date of adoption of this Ind AS and the amendments to the other standards is annual periods beginning on or after April 1, 2019 onwards.

Ind AS 116 – Leases

Ind AS 116 will replace the existing leases standard, Ind AS 17 Leases. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lessee accounting model for lessees. A lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The Company will adopt Ind AS 116, effective annual reporting period beginning April 1, 2019. The Company will apply the standard to its leases, retrospectively, with the cumulative effect of initially applying the standard, recognised on the date of initial application (April 1, 2019). Accordingly, the Company will not restate comparative information, instead, the cumulative effect of initially applying this Standard, if any, will be recognised as an adjustment to the opening balance of retained earnings as on April 1, 2019. On that date, the Company will recognise a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as at April 1, 2019. In accordance with the standard, the Company will elect not to apply the requirements of Ind AS 116 to short-term leases and leases for which the underlying asset is of low value.

On transition, the Company will be using the practical expedient provided in the standard and therefore, will not reassess whether a contract, is or contains a lease, at the date of initial application.

With effect from April 1, 2019, the Company will recognise new assets and liabilities for its operating leases of premises and other assets. The nature of expenses related to those leases will change from lease rent in previous periods to

(a) amortization change for the right-to-use asset, and

(b) interest accrued on lease liability.

Previously, the Company recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

The Company is currently evaluating the effect of the aforementioned new standard.

Ind AS 12 – Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Company does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax

Notes to the Standalone Financial Statements for the year ended March 31, 2019

on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12 'Income Taxes'.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Company does not expect any significant impact of the amendment on its standalone financial statements.

Ind AS 109 – Prepayment Features with Negative Compensation

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The Company does not expect this amendment to have any impact on its standalone financial statements.

Ind AS 19 – Plan Amendment, Curtailment or Settlement

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Company does not expect this amendment to have any significant impact on its standalone financial statements.

Ind AS 23 – Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Company does not expect any impact from this amendment.

Ind AS 28 – Long-term Interests in Associates and Joint Ventures

The amendments clarify that an entity applies Ind AS 109 'Financial Instruments' to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. The Company does not currently have any long-term interests in associates and joint ventures.

Ind AS 103 – Business Combinations and Ind AS 111 – Joint Arrangements

The amendments to Ind AS 103 relating to re-measurement clarify that when an entity obtains control of a business that is a joint operation, it re-measures previously held interests in that business. The amendments to Ind AS 111 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business. The Company will apply the pronouncement if and when it obtains control/ joint control of a business that is a joint operation.

Notes to the Standalone Financial Statements for the year ended March 31, 2019

Note 3: Property, Plant & Equipment and Intangible Assets

Rs. In Millions

Particulars	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
	As at April 1, 2018	Additions during the year	Deductions during the year	As at March 31, 2019	Upto March 31, 2018	For the Year	Deductions during the year	Upto March 31, 2019	As at March 31, 2019	As at March 31, 2018
a) Property, Plant & Equipment										
Buildings	190.21	-	-	190.21	23.22	11.61	-	34.83	155.38	166.99
Leasehold Improvements	2.37	-	-	2.37	1.90	0.46	-	2.36	0.01	0.47
Plant and Equipment	14.48	-	-	14.48	7.45	4.88	-	12.33	2.15	7.03
Office Equipment	5.45	3.85	0.16	9.14	3.16	1.96	0.01	5.11	4.03	2.29
Furniture and Fittings	22.58	0.78	-	23.36	12.59	7.84	-	20.43	2.93	9.99
Computer Equipment	50.88	12.04	1.80	61.12	26.46	17.73	1.80	42.39	18.73	24.42
Vehicles	2.37	6.35	5.38	3.34	0.77	1.11	1.66	0.22	3.12	1.60
Total Property, Plant & Equipment	**288.34**	**23.02**	**7.34**	**304.02**	**75.55**	**45.59**	**3.47**	**117.67**	**186.35**	**212.79**
Previous Year	**278.36**	**11.71**	**1.73**	**288.34**	**31.76**	**45.48**	**1.69**	**75.55**	**212.79**	
b) Intangible Assets										
Computer Software and Tools	19.14	0.45	-	19.59	8.45	9.17	-	17.62	1.97	10.69
Total Intangible Assets	**19.14**	**0.45**	**-**	**19.59**	**8.45**	**9.17**	**-**	**17.62**	**1.97**	**10.69**
Previous Year	**20.95**	**0.73**	**2.54**	**19.14**	**1.11**	**9.88**	**2.54**	**8.45**	**10.69**	
TOTAL (a + b)	**307.48**	**23.47**	**7.34**	**323.61**	**84.00**	**54.76**	**3.47**	**135.29**	**188.32**	**223.48**
Total Previous Year (a + b)	**299.31**	**12.44**	**4.27**	**307.48**	**32.87**	**55.36**	**4.23**	**84.00**	**223.48**	

Notes to the Standalone Financial Statements for the year ended March 31, 2019

Note 4: Investments in Subsidiaries

Rs. In Millions

Particulars	As at March 31, 2019	As at March 31, 2018
Investments in Equity Instruments (Unquoted)		
In wholly owned subsidiaries (Fully Paid Up):		
100,000 equity shares (Previous Year: 100,000) of SGD 1/- each in Expleo Solutions Pte. Ltd. (formerly known as SQS BFSI Pte. Ltd., Singapore)	2.66	2.66
3,000 equity shares (Previous Year: 3,000) of USD 0.01/- each in SQS BFSI Inc., USA	4.62	4.62
350,000 equity shares (Previous Year : 350,000) of GBP 1/- each of Expleo Solutions UK Ltd. (formerly known as SQS BFSI UK Ltd., UK)	24.17	24.17
600 equity shares (Previous Year: 600) of AED 1,000/- each in SQS BFSI FZE, UAE	8.70	8.70
Total	**40.15**	**40.15**
Aggregate Value of Unquoted Investments	40.15	40.15

Note 5: Loans

Rs. In Millions

Particulars	As at March 31, 2019	As at March 31, 2018
Loans Receivables considered good - Secured	-	-
Loans Receivables considered good - Unsecured		
Security Deposit	8.79	8.67
Loans Receivables which have significant increase in Credit Risk	-	-
Loans Receivables - credit impaired		
Security Deposit	2.44	2.44
Less: Provision for Doubtful Deposits	(2.44)	(2.44)
	-	-
Total	**8.79**	**8.67**

Note 6: Other Non Current Financial Assets

Rs. In Millions

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, Considered good		
Fixed Deposits with remaining maturity of more than 12 months (Refer Note 6.1 below)	-	0.38
Total	**-**	**0.38**

Note 6.1: Under lien with bank towards guarantees issued by them on behalf of the Company amounting to Rs. Nil (Previous Year Rs. 0.38 Million).

Notes to the Standalone Financial Statements for the year ended March 31, 2019

Note 7: Deferred Tax Assets

a) Movement in Deferred Tax Balances

Rs. In Millions

Particulars	Net Balance as at March 31, 2018	Movement during the year		Net balance as at March 31, 2019
		Recognised in the Statement of Profit and Loss	Recognised in Other Comprehensive Income	
Deferred Tax Assets/ (Liabilities)				
Property, Plant and Equipment	5.76	6.24	-	12.00
Employee Benefits	0.95	2.61	0.83	4.39
Allowance for expected Credit loss	0.47	(0.35)	-	0.12
Unused Tax Credits	8.87	-	-	8.87
Long Term Capital Gain	0.89	(0.89)	-	-
Deferred Tax Assets/ (Liabilities)	**16.94**	**7.61**	**0.83**	**25.38**

Rs. In Millions

Particulars	Net Balance as at April 1, 2017	Movement during the year		Net balance as at March 31, 2018
		Recognised in the Statement of Profit and Loss	Recognised in Other Comprehensive Income	
Deferred Tax Assets/ (Liabilities)				
Property, Plant and Equipment	1.48	4.28	-	5.76
Employee Benefits	0.64	(0.10)	0.41	0.95
Allowance for expected Credit loss	1.44	(0.97)	-	0.47
Impact of Fair Valuation of Security Deposit	0.03	(0.03)	-	-
Unused Tax Credits	8.87	-	-	8.87
Long Term Capital Gain	-	0.89	-	0.89
Employee Stock Option Expenses	0.11	(0.11)	-	-
Deferred Tax Assets/ (Liabilities)	**12.57**	**3.96**	**0.41**	**16.94**

b) Amounts recognised in Profit and Loss

Rs. In Millions

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Current Income Tax	171.96	153.62
Deferred Tax Asset (Net)		
Origination and reversal of Tax on Temporary Differences	(7.61)	(3.96)
Income Tax pertaining to previous years	1.54	-
Tax expense for the year	**165.89**	**149.66**

Notes to the Standalone Financial Statements for the year ended March 31, 2019

c) Amounts recognised in Other Comprehensive Income

Rs. In Millions

Particulars	For the year ended March 31, 2019			For the year ended March 31, 2018		
	Before Tax	Tax (Expense)/ Benefit	Net of Tax	Before Tax	Tax (Expense)/ Benefit	Net of Tax
Remeasurement of Defined Benefit Liability	(2.38)	0.83	(1.55)	(1.18)	0.41	(0.77)
Total	**(2.38)**	**0.83**	**(1.55)**	**(1.18)**	**0.41**	**(0.77)**

d) Reconciliation of Income Tax expense and the accounting profit multiplied by India's tax rate

Rs. In Millions

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Profit Before Tax	**480.27**	**429.73**
Indian statutory income tax rate	34.944%	34.608%
Expected income tax expense	**167.83**	**148.72**
Tax effect of adjustment to reconcile expected Income Tax expense :		
Tax Effect of Non-Deductible expenses to reported Income Tax Expense	(1.60)	4.34
Tax Effect of Tax holidays (Refer Note(e) below)	(4.30)	(5.60)
Tax Effect of Tax paid at a lower rate for foreign branches	1.57	3.58
Adjustments recognised in current year in relation to tax of prior years	1.54	-
Tax Effect of Income not subject to Tax	(0.02)	(0.05)
Income chargeable at lower rate of tax	0.89	(1.31)
Others	(0.02)	(0.02)
Total Income Tax Expense	**165.89**	**149.66**

e) The Company benefits from the tax holiday available for units set up under the Special Economic Zone Act, 2005. The unit set up under SEZ will be eligible for deductions of 100% of profits or gains derived from export of services for the first five years, 50% of such profits or gains for a further period of five years and 50% of such profit or gains for another period of five years subject to fulfilment of certain conditions. This is the tenth year of deduction u/s 10AA of the Income Tax Act, 1961. From April 1, 2011 units set up under SEZ scheme are subject to Minimum Alternate Tax (MAT).

f) The Company offsets tax assets & liabilities if and only if it has a legally enforceable right to set off current tax assets & current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority. Significant management judgment is required in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets.

g) The recoverability of deferred income tax assets is based on the estimate of taxable income in the tax jurisdiction in which the entity operates and the period over which deferred income tax assets will be recovered.

h) As on March 31, 2019, the tax liability with respect to the dividends proposed is Rs. Nil (Previous Year : Rs. 43.61 Million).

Notes to the Standalone Financial Statements for the year ended March 31, 2019

i) Rs. In Millions

Tax Credits Carried forward	As at March 31, 2019	Expiry Date	As at March 31, 2018	Expiry Date
F.Y 2008-09	-*	March 31, 2024	-*	March 31, 2024
F.Y 2009-10	8.87	March 31, 2025	8.87	March 31, 2025

* Denotes an amount less than Rs. 5000/-

Note 8: Income Tax Assets (Net)

Rs. In Millions

Particulars	As at March 31, 2019	As at March 31, 2018
Advance Tax and Tax Deducted at Source (Net)	9.32	19.73
Total	**9.32**	**19.73**

(Refer Note 7 for Tax Reconciliations)

Note 9: Other Non Current Assets

Rs. In Millions

Particulars	As at March 31, 2019	As at March 31, 2018
Capital Advances	0.76	-
Deferred Rent	-	0.57
Prepaid Expenses	0.74	4.03
Balance with Government authorities	27.00	5.00
Total	**28.50**	**9.60**

Note 10: Trade Receivables

Rs. In Millions

Particulars	As at March 31, 2019	As at March 31, 2018
Trade Receivables Considered Good - Secured	-	-
Trade Receivables Considered Good - Unsecured (Refer Note 10.1 below)	300.58	569.78
Trade Receivables which have significant increase in credit risk	-	-
Trade Receivables - Credit Impaired	-	-
Less: Allowances for Credit Loss	(0.34)	(1.34)
Total	**300.24**	**568.44**

Note 10.1: Includes dues from subsidiaries Rs. 45.64 Million (Previous Year: Rs. 120.44 Million) (Refer Note 42)

Notes to the Standalone Financial Statements for the year ended March 31, 2019

Note 11: Cash and Cash Equivalents

Rs. In Millions

Particulars	As at March 31, 2019	As at March 31, 2018
Balances With Banks		
in Current Accounts	796.64	307.78
in Deposit Accounts with original maturity of less than 3 months	35.00	-
Cash On Hand	0.01	0.02
Total	**831.65**	**307.80**

Note 11.1: There are no repatriation restrictions with regard to Cash and Cash equivalents as at the end of the reporting period and prior period.

Note 12: Other Bank Balances

Rs. In Millions

Particulars	As at March 31, 2019	As at March 31, 2018
Balances With Banks		
Earmarked Balances with Banks - Unclaimed Dividend	3.93	3.93
Deposits with original maturity of more than 3 months but less than 12 months (Refer Note 12.1 below)	4.13	250.87
Total	**8.06**	**254.80**

Note 12.1: Includes deposits under lien with bank guarantee issued by the bank on behalf of the Company Rs. 3.63 Million (Previous Year: Rs. 1.17 Million).

Note 12.2: There are no repatriation restrictions with regard to Other Bank balances as at the end of the reporting period and prior period.

Note 13: Loans (Current)

Rs. In Millions

Particulars	As at March 31, 2019	As at March 31, 2018
Loans Receivables considered good - Secured	-	-
Loans Receivables considered good - Unsecured		
Security Deposit	26.34	11.51
Loans Receivables which have significant increase in Credit Risk	-	-
Loans Receivables - credit impaired	-	-
Total	**26.34**	**11.51**

Note 14: Other Current Financial Assets

Rs. In Millions

Particulars	As at March 31, 2019	As at March 31, 2018
Interest accrued on fixed deposits	0.11	3.99
Export incentive receivables	50.44	16.00
Unbilled Revenue	6.16	20.54
Other Receivables	0.80	-
Total	**57.51**	**40.53**

Notes to the Standalone Financial Statements for the year ended March 31, 2019

Note 15: Other Current Assets

Rs. In Millions

Particulars	As at March 31, 2019	As at March 31, 2018
Considered Good		
Advances to Vendors	2.09	1.32
Advances to employees and others	5.48	4.16
Balances with Government Authorities	41.69	16.57
Prepaid Expenses	14.46	13.04
Deferred Rent	0.58	1.05
Total	**64.30**	**36.14**

Note 16: Equity Share Capital

Rs. In Millions

Particulars	As at March 31, 2019	As at March 31, 2018
a) Authorised		
12,000,000 Equity Shares of Rs.10/- each	120.00	120.00
	120.00	**120.00**
b) Issued, Subscribed and Paid Up		
10,713,381 (Previous Year: 10,710,381) Equity Shares of Rs.10/- each fully paid up	107.13	107.10
Total	**107.13**	**107.10**

c) During the year, the Company has issued 3,000 (Previous Year: 30,500) Equity shares under the Employee Stock Option Scheme, 2011.

d) Reconciliation of number of shares outstanding at the beginning and end of the year

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of shares	Rs. In Millions	No. of shares	Rs. In Millions
Equity Shares				
Outstanding at the beginning of the year	10,710,381	107.10	10,679,881	106.80
Issued during the year	3,000	0.03	30,500	0.30
Outstanding at the end of the year	**10,713,381**	**107.13**	**10,710,381**	**107.10**

e) Shareholding Information

Particulars	As at March 31, 2019	As at March 31, 2018
	No. of shares	No. of shares
Equity Shares are held by		
Expleo Technology Germany AG (formerly known as SQS Software Quality Systems AG, Germany) (Holding Company)	5,758,804	5,753,801

Notes to the Standalone Financial Statements for the year ended March 31, 2019

f) Rights, preferences and restrictions 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 held. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the Annual General Meeting except in case of interim dividend. In the event of liquidation, the shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

g) Shareholders holding more than 5% shares in the Company

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of shares	%	No. of shares	%
Equity Shares				
Expleo Technology Germany AG (formerly known as SQS Software Quality Systems AG, Germany) (Holding Company)	5,758,804	53.75	5,753,801	53.72

As per the 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.

h) Equity Shares Reserved for Issue Under Options

For Details of shares reserved for issue under the Employee Stock Option Plan (ESOP) of the Company, please refer Note 33(a).

Note 17: Other Equity

Rs. In Millions

Particulars	As at March 31, 2019	As at March 31, 2018
a) Securities Premium (Refer Note 17.1 below)		
Opening Balance	193.22	190.03
Addition during the year	0.31	3.19
Closing Balance	**193.53**	**193.22**
b) General Reserve (Refer Note 17.2 below)		
Opening Balance	181.09	153.09
Addition during the year	31.00	28.00
Closing Balance	**212.09**	**181.09**
c) Retained Earnings (Refer Note 17.3 below)		
Opening Balance	531.24	588.67
Profit for the year	314.38	280.07
Transfer to General Reserve	(31.00)	(28.00)
Other Comprehensive Income	(1.55)	(0.77)
Dividends (including Dividend Distribution Tax)	(258.31)	(308.73)
Closing Balance	**554.76**	**531.24**

Notes to the Standalone Financial Statements for the year ended March 31, 2019

Note 17: Other Equity (Contd.)

Rs. In Millions

Particulars	As at March 31, 2019	As at March 31, 2018
d) Employee Stock Compensation Reserve (Refer Note 17.4 below)		
Opening Balance	1.31	0.33
Addition during the year	-	0.98
Closing Balance	**1.31**	**1.31**
Total	**961.69**	**906.86**

Note 17.1: Securities Premium

The Securities Premium has been created on account of premium on issue of Equity Shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

Note 17.2: General Reserve

The Company has transferred a portion of its net profit to the General Reserve, on a voluntary basis.

Note 17.3: Retained Earnings

Retained Earnings are the profits that the Company has earned till date, less any transfers to General Reserve, dividends or other distributions paid to shareholders.

Note 17.4: Employee Stock Compensation Reserve

The Employee Stock Compensation Reserve is used to recognise the grant date fair value of options issued under the company's/Group's Stock Option Plan provided to employees as part of their remuneration. (Refer Note 33 (b))

Note 18: Provisions (Non Current)

Rs. In Millions

Particulars	As at March 31, 2019	As at March 31, 2018
Provision for Employee Benefits		
Compensated Absences	7.64	-
Total	**7.64**	**-**

Note 19: Other Current Financial Liabilities

Rs. In Millions

Particulars	As at March 31, 2019	As at March 31, 2018
Unclaimed dividend (Refer Note 19.1 below)	3.93	3.93
Employee benefits payable	67.48	71.42
Gratuity Liability	1.40	2.71
Liabilities for other expenses	159.82	162.43
Total	**232.63**	**240.49**

Note 19.1: There are no amounts due for payment to the Investor Education and Protection Fund as at the end of the current year and previous year.

Notes to the Standalone Financial Statements for the year ended March 31, 2019

Note 20: Other Current Liabilities

Rs. In Millions

Particulars	As at March 31, 2019	As at March 31, 2018
Statutory Dues	35.84	41.07
Unearned Revenue	7.40	17.66
Total	**43.24**	**58.73**

Note 21: Provisions (Current)

Rs. In Millions

Particulars	As at March 31, 2019	As at March 31, 2018
Provision for Employee Benefits		
Compensated Absences	2.55	13.30
Total	**2.55**	**13.30**

Note 22: Current Tax Liabilities (Net)

Rs. In Millions

Particulars	As at March 31, 2019	As at March 31, 2018
Provision for Tax (Net)	49.66	94.20
Total	**49.66**	**94.20**

(Refer Note 7 for tax Reconciliations)

Note 23: Revenue from Operations

Rs. In Millions

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Revenue from contracts with customers		
Software services	2,827.73	2,712.33
Total	**2,827.73**	**2,712.33**

Note 24: Other Income

Rs. In Millions

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest Income		
On Fixed deposits	14.35	12.35
On Other financial assets carried at amortised cost	1.11	1.03
On Income Tax Refund	-	2.90
Export Incentives (Net) (Refer Note 24.1 below)	34.44	52.05
Profit on Sale of Property, Plant & Equipment	-	0.15
Provision no longer required written back	4.63	3.49
Provision for expected credit loss written back	1.00	-
Net foreign exchange gain	-	53.72
Total	**55.53**	**125.69**

Notes to the Standalone Financial Statements for the year ended March 31, 2019

Note 24.1: Consequent to guidance issued by the Institute of Chartered Accountants of India on Ind AS 115 'Revenue from Contracts with Customers' and in compliance with Ind As 20 'Government Grants', the amount of export incentives have been reclassified from 'Other Operating Revenues' to 'Other Income'. These reclassifications do not have any impact on the reported Total Income or on the profit Before Tax for the years ended March 31, 2019 & March 31, 2018.

Note 25: Employee Benefits Expense

Rs. In Millions

Particulars	**For the year ended March 31, 2019**	**For the year ended March 31, 2018**
Salaries, wages and bonus	1,159.38	1,069.90
Contribution to provident and other funds (Refer Note 30 (ii) (a))	58.43	54.14
Gratuity expense (Refer Note 30 (ii) (b))	11.31	13.19
ESOP Compensation Cost (Refer Note 33 (b))	-	0.98
Staff welfare expense	20.65	15.36
Total	**1,249.77**	**1,153.57**

Note 26: Finance Cost

Rs. In Millions

Particulars	**For the year ended March 31, 2019**	**For the year ended March 31, 2018**
Interest on Income Tax	0.67	2.87
Total	**0.67**	**2.87**

Note 27: Other Expenses

Rs. In Millions

Particulars	**For the year ended March 31, 2019**	**For the year ended March 31, 2018**
Travel and conveyance	148.82	160.16
Net foreign exchange loss	26.94	-
Sales commission	5.07	0.34
Onsite service expenses	708.62	812.65
Professional fees	34.22	38.94
Software expenses	34.13	32.38
Rent (including Lease Rent)	27.21	25.81
Marketing and selling expenses	10.67	27.12
Repairs & maintenance		
Buildings	16.94	14.87
Plant and machinery	1.23	0.66
Others	5.39	5.09
Power and fuel	15.75	15.19
Rates and taxes	1.75	7.08
Loss on sale of Property, Plant and Equipment	0.78	-

Notes to the Standalone Financial Statements for the year ended March 31, 2019

Note 27: Other Expenses (Contd.)

Rs. In Millions

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Communication expenses	13.70	13.86
Insurance	9.36	8.49
Training and recruitment	8.49	13.80
Corporate Social Responsibility Expense (Refer Note 40)	7.97	7.18
Audit fees (Refer Note 38)	1.75	2.31
Directors sitting fees	1.74	1.72
Commission to Non-Executive directors	4.55	4.80
Allowances for credit loss	-	0.67
Bad Debts	-	2.47
Miscellaneous expenses	12.71	7.78
Total	**1,097.79**	**1,203.38**

Note 28: Exceptional Item

Rs. In Millions

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Proceeds from liquidation of a subsidiary (Refer Note 28.1 below)	-	6.89
Total	**-**	**6.89**

Note 28.1: Thinksoft Global Services (Europe) GmbH, Germany (a wholly owned subsidiary) was liquidated during the previous year and an amount of Rs. 6.89 Million representing the amount realised over original investment value was disclosed as an exceptional item.

Note 29: Earnings Per Share

a) Basic Earnings Per Share

The calculation of Basic Earnings Per Share is based on profit attributable to equity shareholders and weighted average number of equity shares outstanding.

(i) Profit attributable to equity shareholders (basic)

Rs. In Millions

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Profit for the year, attributable to equity shareholders of the company	314.38	280.07
Total	**314.38**	**280.07**

Notes to the Standalone Financial Statements for the year ended March 31, 2019

(ii) Weighted average number of equity shares (basic)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Number of equity shares at the beginning of the year	10,710,381	10,679,881
Add: Weighted average of shares issued during the year	2,729	13,618
Total weighted average number of equity shares for calculating basic EPS	**10,713,110**	**10,693,499**
Earnings Per Share - Basic (in Rs.) (Face Value Rs. 10/- per share)	**29.35**	**26.19**

b) Diluted Earnings Per Share

The calculation of diluted earnings per share is based on the profit attributable to equity shareholders and weighted average number of equity shares outstanding after adjustment for the effects of all dilutive potential equity shares.

(i) Profit attributable to equity shareholders (diluted) **Rs. In Millions**

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Profit for the year, attributable to equity shareholders of the Company	314.38	280.07
Total	**314.38**	**280.07**

(ii) Weighted average number of equity shares (diluted)

Particulars	March 31, 2019	March 31, 2018
Weighted average number of equity shares outstanding (basic)	10,713,110	10,693,499
Add: Effect of dilutive stock option	-	2,314
Weighted average number of equity shares for calculating diluted EPS	**10,713,110**	**10,695,813**
Earnings Per Share - Diluted (in Rs.) (Face Value Rs. 10/- per share)	**29.35**	**26.19**

Note 30: Disclosure as required under Ind AS 19 - 'Employee Benefits'

a) Compensated Absence

The Company provides for the encashment of leave or leave with pay to offshore employees. The employees are entitiled to accumulate leave subject to certain limits, for future availment/ encashment. The liability is provided based on the number of days of unutilised days of leave at each Balance Sheet date on the basis of year-end actuarial valuation using projected unit credit method. The scheme is unfunded.

Rs. In Millions

Particulars	As at March 31, 2019	As at March 31, 2018
Liability at the beginning of the year	13.30	12.60
Leave salary cost accounted for the year (Net)	(3.11)	0.70
Total liability as at year end	**10.19**	**13.30**

Note 30.1: Refer Note 18 for Long term benefits and Note 21 for Short term benefits.

Notes to the Standalone Financial Statements for the year ended March 31, 2019

b) Post-employment obligations

(i) Defined contribution plan - Provident Fund & Social Security Schemes **Rs. In Millions**

Particulars	As at March 31, 2019	As at March 31, 2018
Employer's contribution accounted for the year (includes EDLI Charges and Employer's Contribution to Employee's Pension Scheme, 1995) (Refer Note 25)	58.43	54.14
Total	**58.43**	**54.14**

(ii) Gratuity

The Company provides for gratuity for employees' in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/ termination is the employees' last drawn basic salary per month computed proportionately for 15 days salary multiplied by the number of years of service. The gratuity plan is a funded plan and the Company makes contributions to Life Insurance Corporation of India (LIC) as per New Group Gratuity Cash Accumulation Plan for Pension and Group Schemes Fund by Insurance Regulatory and Development Authority (IRDA) Regulations . The Company does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments.

Defined Benefit Plan - Gratuity **Rs. In Millions**

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
i) Change in Present Value of Defined Benefit Obligation		
Present Value of Defined Benefit Obligation at the beginning of the year	82.09	77.61
Interest cost	5.46	4.70
Current service cost	11.32	10.69
Benefits paid	(15.46)	(17.01)
Past Service Cost	0.21	4.56
Actuarial (Gain)/Loss on obligations- due to change in demographic assumptions	-	(0.98)
Actuarial (Gain)/Loss on obligations- due to change in financial assumptions	1.07	(2.13)
Actuarial (Gain)/Loss on obligations- due to change in experience	1.53	4.65
Present value of obligation as at end of the year	**86.22**	**82.09**
ii) Change in fair value of Plan Assets		
Fair value of plan assets at the beginning of the year	75.92	76.66
Expected return on plan assets	5.68	5.01
Contributions made	18.46	10.90
Benefits paid	(15.46)	(17.01)
Return on plan assets, excluding amounts included in interest (expense)/ income	0.22	0.36
Fair value of plan assets at the end of the year	**84.82**	**75.92**

Notes to the Standalone Financial Statements for the year ended March 31, 2019

Defined Benefit Plan - Gratuity (Contd.) **Rs. In Millions**

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
iii) Amount recognized in the balance sheet		
Present value of the obligation as at end of the year	86.22	82.09
Fair value of plan assets as at end of the year	84.82	75.92
Net obligation as at end of the year	1.40	6.17
Amount recognized in the Balance Sheet	**1.40**	**6.17**
Net asset/(liability) recognized - Current	1.40	6.17
Net asset/(liability) recognized - Non-current (Refer Note (i) below)	-	-
iv) Expenses recognized in the Statement of Profit and Loss for the year		
Current service cost	11.32	10.69
Past service cost	0.21	4.56
Net Interest on Net Defined benefit obligations	(0.22)	(0.31)
Total expense included in employee benefit expenses	**11.31**	**14.94**
v) Recognized in Other comprehensive income for the year		
Actuarial (Gain)/Loss on obligations- due to change in demographic assumptions	-	(0.98)
Actuarial (Gain)/Loss on obligations- due to change in financial assumptions	1.07	(2.13)
Actuarial (Gain)/Loss on obligations- due to change in experience	1.53	4.65
Remeasurement - (return)/loss on plan assets excluding amount included in net interest income	(0.22)	(0.36)
Recognized in other comprehensive income	**2.38**	**1.18**
vi) Actuarial assumptions		
Discount rate - Current	7.07%	7.34%
Expected rate of return on plan assets	7.07%	7.34%
Salary Escalation - Current	7.00%	7.00%
Attrition rate	18.00%	18.00%

Notes to the Standalone Financial Statements for the year ended March 31, 2019

Defined Benefit Plan - Gratuity (Contd.) Rs. In Millions

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
vii) Sensitivity Analysis		
The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:		
Impact on defined benefit obligation		
Delta effect of +0.5% Change in Rate of discounting	84.26	80.21
Delta effect of -0.5% Change in Rate of discounting	88.28	84.05
Delta effect of +0.5% Change in Rate of Salary Escalation	88.29	84.08
Delta effect of -0.5% Change in Rate of Salary Escalation	84.20	80.15
Delta effect of +0.5% Change in Rate of Employee turnover	86.15	82.05
Delta effect of -0.5% Change in Rate of Employee turnover	86.30	82.12
Methodology adopted for asset liability management (ALM)	Projected unit Credit Method	Projected unit Credit Method
Refer Note 30 (ii) below		

viii) Maturity profile of defined benefit obligation

The weighted average duration of the defined benefit obligation is 10 years. The expected maturity analysis of gratuity is as follows:

Projected benefits payable in future years from the date of reporting	For the year ended March 31, 2019	For the year ended March 31, 2018
1st Following year	14.14	13.83
2nd Following year	13.77	12.95
3rd Following year	12.68	12.14
4th Following Year	11.43	11.14
5th Following year	10.23	9.89
Sum of years 6 to 10 years	35.89	28.37

ix) Category of Plan assets

Funds managed by the Insurer	**100%**	**100%**

x) Risk exposure

This does not apply to the Company since it invests in the traditional plan of LIC, for which the underlying assets are not known to the policy holders.

Note: 30

(i) The Company has no legal obligation to settle the deficit in the funded plans with an immediate contribution or additional one off contributions. The Company intends to continue to contribute to the defined benefit plans based on short term expected pay-outs in line with the actuary's recommendations.

Notes to the Standalone Financial Statements for the year ended March 31, 2019

(ii) **Usefulness & methodology adopted for sensitivity analysis**

Sensitivity analysis is an analysis which will give the movement in liability if the assumptions were not to be true on a different count. This only signifies the change in the liability if the difference between the assumed & the actual is not following the parameters of the sensitivity analysis.

(iii) The net defined benefit liability towards gratuity as at March 31, 2018 as per actuarial valuation excludes an amount of Rs. 3.46 Million contributed by the Company but not considered by LIC in it's fund movement as at March 31, 2018. The Company has reduced the amount paid to LIC of Rs. 3.46 Million while providing for the liability towards gratuity as at March 31, 2018 as reflected in Note 19.

Note 31: Financial Instruments- Fair Values and Risk Management

a) The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Rs. In Millions

As at March 31, 2019	Carrying Amount				Fair Value			
	Fair value through profit or loss	Fair Value through Other Comprehensive Income	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial Assets:								
Security deposits - non current	-	-	8.79	8.79	-	8.82	-	8.82
Trade receivables	-	-	300.24	300.24	-	-	-	-
Cash and cash equivalents	-	-	831.65	831.65	-	-	-	-
Bank balances other than cash and cash equivalents	-	-	8.06	8.06	-	-	-	-
Security deposits - current	-	-	26.34	26.34	-	-	-	-
Interest accrued on fixed deposits	-	-	0.11	0.11	-	-	-	-
Export Incentives Receivable	-	-	50.44	50.44	-	-	-	-
Unbilled Revenue	-	-	6.16	6.16	-	-	-	-
Other receivables	-	-	0.80	0.80	-	-	-	-
Total	**-**	**-**	**1,232.59**	**1,232.59**	**-**	**8.82**	**-**	**8.82**
Financial Liabilities:								
Trade payables	-	-	184.02	184.02	-	-	-	-
Other current financial liabilities	-	-	232.63	232.63	-	-	-	-
Total	**-**	**-**	**416.65**	**416.65**	**-**	**-**	**-**	**-**

Notes to the Standalone Financial Statements for the year ended March 31, 2019

Rs. In Millions

As at March 31, 2018	Carrying Amount				Fair Value			
	Fair value through profit or loss	Fair Value through Other Comprehensive Income	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial Assets:								
Security deposits - non current	-	-	8.67	8.67	-	8.65	-	8.65
Bank deposits	-	-	0.38	0.38	-	-	-	-
Trade receivables	-	-	568.44	568.44	-	-	-	-
Cash and cash equivalents	-	-	307.80	307.80	-	-	-	-
Bank balances other than cash and cash equivalents	-	-	254.80	254.80	-	-	-	-
Security deposits - current	-	-	11.51	11.51	-	11.60	-	11.60
Interest accrued on fixed deposits	-	-	3.99	3.99	-	-	-	-
Export Incentives Receivable	-	-	16.00	16.00	-	-	-	-
Unbilled Revenue	-	-	20.54	20.54	-	-	-	-
Total	**-**	**-**	**1,192.13**	**1,192.13**	**-**	**20.25**	**-**	**20.25**
Financial Liabilities:								
Trade payables	-	-	117.49	117.49	-	-	-	-
Other current financial liabilities	-	-	240.49	240.49	-	-	-	-
Total	**-**	**-**	**357.98**	**357.98**	**-**	**-**	**-**	**-**

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There have been no transfers among Level 1, Level 2 and Level 3 during the current year and previous year.

Notes to the Standalone Financial Statements for the year ended March 31, 2019

b) Measurement of Fair Value

The Company uses Discounted Cash Flow valuation technique (in relation to Fair Value of asset measured at amortised cost) which involves determination of present value of expected receipt/ payment discounted using appropriate discounting rates. The fair value so determined are classified as Level 2.

c) Financial Risk Management

The Company is exposed primarily to fluctuations in foreign currency exchange rates, credit and liquidity, which may impact the fair value of its financial instruments. The Company assesses the unpredictability of the financial environment and seeks to mitigate potential adverse effects on the financial performance of the Company.

(i) Credit Risk

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses, both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk of existing customer is controlled by continuous monitoring of the collection trend of each customer on a periodical basis. With respect to a new customer, the Company uses external/ internal sources to assess the potential customer's credit quality.

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, loans, cash and cash equivalents, other balances with banks and other financial assets. None of the financial instruments of the Company result in material concentration of credit risk.

Credit risk on cash and cash equivalents is limited as the Company generally invests in Fixed deposits with banks with high credit ratings.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was Rs. 1,232.59 Million (Previous Year: Rs.1,192.13 Million) being the total of the carrying amount of loans, trade receivables, cash and cash equivalents, other balances with banks, loans and other financial assets.

Trade Receivables

Ind AS requires expected credit losses to be measured through a loss allowance. The Company assesses at each Balance Sheet Date whether a financial asset or a group of financial assets is impaired. The Company recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 months expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix.

Notes to the Standalone Financial Statements for the year ended March 31, 2019

The following table gives the details in respect of the amount and percentage of trade receivables from major customers :

Rs. In Millions

Particulars	**As at March 31, 2019**	**As at March 31, 2018**
Trade receivables from major customers	139.31	306.76
Percentage of Trade Receivables from major customers	46%	54%

The Company has computed the credit loss allowance based on the Expected Credit loss model, which excludes transactions with its wholly owned subsidiaries

The movement in the expected credit loss allowance is as follows:

Rs. In Millions

Particulars	**For the year ended March 31, 2019**	**For the year ended March 31, 2018**
Balance at beginning of the year	1.34	4.16
Impairment loss created/ (reversed)	(1.00)	0.67
Amounts written off	-	(3.49)
Balance at end of the year	**0.34**	**1.34**

(ii) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Company's exposure to market risk is primarily on account of foreign currency exchange rate risk.

a) Foreign Currency exchange rate risk

The fluctuation in foreign currency exchange rates may have potential impact on the Statement of Profit and loss, where any transaction references more than one currency or where assets/ liabilities are denominated in a currency other than the functional currency of the respective entities. Considering the countries and economic environment in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in USD, EURO and GBP against the functional currency of the Company. The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks.

Notes to the Standalone Financial Statements for the year ended March 31, 2019

Exposure in Foreign Currency (FCY) - Unhedged

Particulars	FCY	March 31, 2019		March 31, 2018	
		Amount in FCY (in Millions)	Amount (Rs. in Millions)	Amount in FCY (in Millions)	Amount (Rs. in Millions)
Trade receivables	GBP	0.73	65.72	0.96	88.68
Trade receivables	USD	0.93	64.56	1.85	120.42
Trade receivables	EUR	1.52	117.87	3.53	284.53
Cash and Cash Equivalents	GBP	2.62	237.49	1.14	105.60
Cash and Cash Equivalents	USD	0.68	46.93	0.88	57.21
Cash and Cash Equivalents	EUR	4.86	377.57	1.05	84.43
Other Current Financial Assets	USD	0.73	50.44	0.52	33.56
Trade Payables	GBP	0.01	0.54	-*	0.14
Trade Payables	USD	0.11	7.44	0.09	5.60
Trade Payables	EUR	0.03	2.24	0.12	9.63
Other Current Financial Liabilities	GBP	0.08	7.49	0.08	7.49
Other Current Financial Liabilities	EUR	0.49	37.95	0.41	32.87
Other Current Financial Liabilities	USD	0.08	5.51	0.01	0.80

*Denotes amounts in the respective foreign currency less than 5,000/-

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

Rs. In Millions

Particulars	Impact on profit after tax	
	As at March 31, 2019	As at March 31, 2018
GBP Sensitivity		
INR/GBP - Increased by 5%*	14.76	9.33
INR/GBP - Decreased by 5%*	(14.76)	(9.33)
USD Sensitivity		
INR/USD - Increased by 5%*	7.45	10.24
INR/USD - Decreased by 5%*	(7.45)	(10.24)
EUR Sensitivity		
INR/EUR - Increased by 5%*	22.76	16.32
INR/EUR - Decreased by 5%*	(22.76)	(16.32)

* Holding all other variables constant

Notes to the Standalone Financial Statements for the year ended March 31, 2019

b) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates to investments which are primarily short-term fixed deposits, which do not expose it to significant interest rate risk.

(iii) Liquidity Risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities.

The following are the remaining contractual maturities of financial liabilities at the reporting date:

Rs. In Millions

As at March 31, 2019	Carrying amount	Contractual cash flows				
		Total	Within 12 months	1-2 years	2-5 years	More than 5 years
Financial Liabilities						
Current						
Trade Payables	184.02	184.02	184.02	-	-	-
Other Current Financial Liabilities	232.63	232.63	232.63	-	-	-

Rs. In Millions

As at March 31, 2018	Carrying amount	Contractual cash flows				
		Total	Within 12 months	1-2 years	2-5 years	More than 5 years
Financial Liabilities						
Current						
Trade Payables	117.49	117.49	117.49	-	-	-
Other Current Financial Liabilities	240.49	240.49	240.49	-	-	-

Note 32: Capital Management

The Company manages its capital to ensure that it will be able to continue as going concern while maximizing the return to stakeholders. The Company is not subject to any externally imposed capital requirements.

Note 33: Employee Stock Option Plan

a) The Company provides share based payment schemes to its employees. During the year ended March 31, 2019, an employee stock option plan (ESOP) was in existence. The relevant details of the scheme and the grant are as below:

Notes to the Standalone Financial Statements for the year ended March 31, 2019

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 1,005,100 options under this scheme. According to the Scheme 2011, the employees selected by the Remuneration Committee from time to time would be entitled to options, subject to satisfaction of the prescribed vesting conditions, viz., continuing employment of 3 years. The contractual life (comprising vesting period and exercise period) of options granted is 8 years. The other relevant terms of the grant are as below:

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

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

Particulars	March 31, 2019		March 31, 2018	
	No. of options	Weighted Average Exercise Price WAEP (Rs.)	No. of options	Weighted Average Exercise Price WAEP (Rs.)
Outstanding at the beginning of the year	3,000	114.70	33,500	114.70
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	3,000	114.70	30,500	114.70
Outstanding at the end of the year	-	-	3,000	114.70
Exercisable at the end of the year	-	-	3,000	114.70

The weighted average remaining contractual life for the stock options as at March 31, 2019 is NIL (Previous Year: 2.57 Years). The exercise price for options outstanding at the end of the year is Rs. NIL (Previous Year: Rs. 114.70).

Weighted average fair value of stock options granted during the year - No Options have been granted during the current year and the previous year.

Total expenses arising from scheme 2011 recognised in the Statement of Profit and Loss as part of Employee Benefits Expense is Rs. NIL for the year ended March 31, 2019 (Previous Year: Rs. NIL).

b) The Holding Company, Expleo Technology Germany AG (formerly known as SQS Software Quality Systems AG), Germany had granted 20,000 stock options to senior employees of the Group in March, 2016. These options were to vest over a period of four years from the date of the grant i.e. March 18, 2016 and could be exercised within five years from the end of the vesting period i.e. May 31, 2025. The Holding Company did not charge any cost for this benefit.

During the Previous Year the shares of Expleo Technology Germany AG (formerly known as SQS Software Quality Systems AG, Germany), were acquired by Assystems Services Deutschland GmbH including the stock options. This resulted in vesting of the aforementioned options on an accelerated basis and the stock options were exercised and settled in the previous year. There were no outstanding options at the end of the previous year and hence no contractual life of options

Notes to the Standalone Financial Statements for the year ended March 31, 2019

outstanding at the end of March 31, 2018 and March 31, 2019. The opening balance of stock options and the options exercised during the year were 20,000 stock options. The weighted average price at the beginning of the previous year was Rs. 418.27 and the exercised price was Rs. 744.98.

Fair Value of options granted

The fair value of the option at the grant date of Rs. 65.14 (GBP 0.685) as been determined as the difference between the weighted average of the share price at the date of grant as reduced by the exercise price.

The Exercise price of the stock option at the date of grant by Expleo Technology Germany AG (formerly known as SQS Software Quality Systems AG), Germany was determined as follows:

The Option Price was based on the average (mean) of the closing prices for Depositary Interests of the Company (ISIN DE 005493514) on the AIM segment of the London Stock Exchange (hereinafter the "AIM Trading") determined in British Pound ("GBP") on the last 20 trading days preceding the day of the offer to subscribe ("Reference Price") minus a deduction of 15% from the Reference Price.

These stock options were accounted for as an equity settled share based payment transaction in the financial statements of the Company in accordance with Ind AS 102 'Share Based Payments'.

Note 34: Asset pledged as security

The Company has a cash credit facility with a bank which is secured by hypothecation of book debts of the Company, both present and future. There is no outstanding amount due on this account as at the end of the current year and the previous year.

Rs. In Millions

Particulars	As at March 31, 2019	As at March 31, 2018
Current		
Financial Assets		
First Charge		
Current Assets - Trade Receivables	254.94	449.34
Total assets pledged as security	**254.94**	**449.34**

Note 35: 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. Future minimum rentals payable under non-cancellable operating lease are as follows:

Rs. In Millions

Particulars	As at March 31, 2019	As at March 31, 2018
Not later than 1 year	27.32	25.11
Later than 1 year and not later than 5 years	47.42	23.62
Later than 5 years	-	-
Total	**74.74**	**48.73**
Lease payments recognized in the Statement of Profit and Loss	27.21	25.81

Notes to the Standalone Financial Statements for the year ended March 31, 2019

Note 36: Contingent Liabilities and Commitments

Rs. In Millions

S.No	Particulars	As at March 31, 2019	As at March 31, 2018
a)	**Contingent Liabilities**		
	(i) Claims against the Company not acknowledged as debt :		
	Service Tax related matters	785.18	-
	Income Tax related matters	104.19	51.17
	(ii) Gurantees	-	-
	Counter Gurantees issued to the bank	5.04	5.85
b)	**Commitments**	-	-
	(i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance)	0.46	0.18

The Service Tax Authorities had made a demand for Rs.329.14 million along with interest and penalty for an equivalent amount, towards tax leviable for certain services rendered by the Company for the period April, 2011 to March, 2016. The Service Tax Authorities had also made a demand for Rs. 126.90 million along with interest and penalty of Rs.1.2 Million towards tax leviable for certain services rendered by the Company for the period April, 2016 to June, 2017. The Company has filed an appeal before the Central Excise and Service Tax Appellate Tribunal (CESTAT) for both the demands and the Management expects it's position to be upheld by the Authorities in respect of both the demands.

Contingent liabilities include demand from the Income tax authorities for payment of additional tax of Rs.114.89 million for the fiscal years 2008-09, 2009-10, 2011-12, 2012-13, 2013-14, 2014-15 and 2015-16. The tax demand is mainly on account of disallowance of a portion of the deduction claimed by the Company under Section 10A/10AA of the Income Tax Act and also other expenses disallowed. The Company has filed appeals before CIT (Appeals), ITAT and Madras High Court. The Company has also paid an amount of Rs.27 million (after adjusting the refund of Rs.6.22 million related to earlier years), towards the outstanding demand (under protest). The Management believes that its position in respect of all the years will be upheld by the Authorities.

Note 37: Micro and Small Enterprises

Disclosure of trade payables and other liabilities is based on the information available with the Company regarding the status of the suppliers as defined under the "Micro, Small & Medium Enterprises Development (MSMED Act), 2006". There is no amount overdue to Micro & Small Enterprises on account of principal amount together with interest.

Rs. In Millions

	Particulars	As at March 31, 2019	As at March 31, 2018
(a)	The Principal amount and interest due thereon remaining unpaid to suppliers under the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006).		
	Principal	-	-
	Interest	-	-

Notes to the Standalone Financial Statements for the year ended March 31, 2019

Rs. In Millions

Particulars	As at March 31, 2019	As at March 31, 2018
(b) The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
(c) Amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	-	-
(d) Amount of interest accrued and remaining unpaid at the end of the accounting year; and	-	-
(e) Amount of further interest remaining due and payable even in the succeeding years until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	

Note 38: Amount paid to Auditors

Rs. In Millions

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Payments to the Auditors as:		
a) Auditor (Refer Note 38.1)	1.15	1.10
b) For Other Services	0.30	0.81
c) For Reimbursement of expenses	0.30	0.40
Total	**1.75**	**2.31**

Note 38.1: The Previous Year Numbers for Payment to the Auditor as an auditor, include fees paid to the Predecessor Statutory Auditor of Rs. 0.15 Million.

Note 39: Foreign Exchange Difference

The amount of exchange loss included in the Statement of Profit & Loss is Rs. 26.94 Million (Previous Year: Gain of Rs. 53.72 Million).

Note 40: Corporate Social Responsibility

The Company has spent Rs. 7.97 Million during the current year (Previous Year: Rs. 7.18 Million) as per provisions of Section 135 of the Companies Act, 2013 towards Corporate Social Responsibility (CSR) activities grouped under Note 27 ‘Other Expenses’.

a) Gross amount required to be spent by the Company during the year Rs. 7.97 Million (Previous Year: Rs. 7.18 Million)

Notes to the Standalone Financial Statements for the year ended March 31, 2019

b) Amount spent during the year on:

Rs. In Millions

Particulars	Amount spent in cash	Amount yet to be paid in cash	Total Amount
Year ended March 31, 2019			
(i) Construction/ Acquisition of any Asset	-	-	-
(ii) On purposes other than (i) above	7.97	-	7.97
Total	**7.97**	**-**	**7.97**
Year ended March 31, 2018			
(i) Construction/ Acquisition of any Asset	-	-	-
(ii) On purposes other than (i) above	7.18	-	7.18
Total	**7.18**	**-**	**7.18**

Note 41: Segment Information

The Company publishes these Standalone Financial Statements along with the Consolidated Financial Statements. In accordance with the Ind AS 108, 'Operating Segments', the Company has disclosed the segment information in the Note 36 of the Consolidated Financial Statements.

Note 42: Disclosures as required under Ind AS 24 'Related Party Disclosures'

a) Related Parties and their relationship

i) Ultimate Holding Entities:

Assystem SA, France

Ardian LBO Fund VI B

ii) Holding Company:

Expleo Technology Germany AG (formerly known as SQS Software Quality Systems AG), Germany

iii) Subsidiaries:

Name of Subsidiary	Country	% Holding as at March 31, 2019	% Holding as at March 31, 2018
Expleo Solutions Pte. Ltd. (formerly known as SQS BFSI Pte.Ltd.)	Singapore	100%	100%
Expleo Solutions UK Ltd. (formerly known as SQS BFSI UK Ltd.)	United Kingdom	100%	100%
SQS BFSI Inc, USA	United States of America	100%	100%
SQS BFSI FZE., UAE	United Arab Emirates	100%	100%
Thinksoft Global Services (Europe) Gmbh (upto February 15, 2018	Germany	0%	0%

Notes to the Standalone Financial Statements for the year ended March 31, 2019

iv) Key Management Personnel (KMP):

Aarti Arvind - Managing Director & CEO (Upto August 31, 2018)

N Vaidyanathan - Executive Director (Superannuation on September 05,2017)

Balaji Viswanathan - Managing Director & CEO (w.e.f. September 01, 2018)

Ramaseshan K. - Executive Director (upto July 17, 2018) and Chief Financial Officer - (CFO) (Upto September 21, 2018)

David Bellin - Chairman & Non-Executive Director (upto May 4, 2018)

Prof. K. Kumar - Deputy Chairman & Independent Director

Prof. S. Rajagopalan - Independent Director

Lilian Jessie Paul- Independent Director

Rajiv Kuchhal- Independent Director

Ulrich Bäumer- Independent Director

René Gawron -Chairman and Non-Executive Director (Chairman - w.e.f. January 31, 2019)

Ralph Franz Gillessen - Non-Executive Director (w.e.f. August 9, 2018)

Diederik Vos- Chairman & Non-Executive Director (Chairman w.e.f May 04, 2018 upto January 2, 2019) (Non-Executive Director w.e.f. October 26, 2017 upto January 02, 2019)

Olivier Aldirin- Non-Executive Director (w.e.f January 31, 2019)

Desikan Narayanan - Chief Financial Officer (CFO) (w.e.f. September 24, 2018)

v) Fellow Subsidiaries:

Expleo India Infosystems Private Limited (formerly known as SQS India Infosystems Private Limited)

Expleo Technologies India Private Limited (formerly known as Assystem Technologies India Private Limited)

SQS Software Quality Systems Ges.mbH, Austria

Expleo Technology UK Limited (formerly known as SQS Group Limited)

Expleo Technology Ireland Limited (formerly known as SQS software Quality Systems (Ireland) Limited)

SQS Software Quality Systems (Schweiz) AG, Zurich

SQS Nederland

Expleo South Africa (PTY) Limited (formerly known as SQS Group Limited), South Africa

SQS Group Ltd, Belfast, Ireland

vi) Post Employment benefit plan:

SQS India BFSI Limited Group Gratuity Scheme Trust

Notes to the Standalone Financial Statements for the year ended March 31, 2019

b) Transactions with Related Parties:

Rs. In Millions

Particulars	Nature of Relationship	Name of the Related Party	For the year ended March 31, 2019	For the year ended March 31, 2018
Income				
Income from the service rendered				
	Subsidiary	Expleo Solutions Pte. Ltd. (formerly known as SQS BFSI Pte.Ltd.)	219.16	161.47
	Subsidiary	Expleo Solutions UK Ltd. (formerly known as SQS BFSI UK Ltd.)	994.59	1,334.15
	Subsidiary	SQS BFSI Inc., USA	124.69	217.15
	Holding Company	Expleo Technology Germany AG (formerly known as SQS Software Quality Systems AG), Germany	24.52	65.59
	Fellow Subsidiary	SQS Software Quality Systems (Schweiz) AG, Zurich	-	9.79
	Fellow Subsidiary	SQS Software Quality Systems Ges.mbH, Austria	151.13	115.23
	Fellow Subsidiary	Expleo Technology Ireland Limited (formerly known as SQS software Quality Systems (Ireland) Limited)	108.81	75.62
	Fellow Subsidiary	Expleo India Infosystems Private Limited (formerly known as SQS India Infosystems Private Limited)	4.05	0.95
	Fellow Subsidiary	SQS Nederland	0.03	-
	Fellow Subsidiary	Expleo South Africa (PTY) Limited (formerly known as SQS Group Limited), South Africa	14.63	37.95
	Fellow Subsidiary	SQS Group Ltd, Belfast, Ireland	-	4.41
Expenses				
Managerial remuneration	KMP	Aarti Arvind *	6.91	23.23
	KMP	Balaji Viswanathan	9.94	-
	KMP	K. Ramaseshan	7.66	11.75
	KMP	Desikan Narayanan	3.99	-
	KMP	N Vaidyanathan	-	7.26

Notes to the Standalone Financial Statements for the year ended March 31, 2019

Rs. In Millions

Particulars	Nature of Relationship	Name of the Related Party	For the year ended March 31, 2019	For the year ended March 31, 2018
Directors' Sitting Fees and Commission	KMP	Prof.K. Kumar	1.39	1.04
	KMP	Prof. S. Rajagopalan	1.41	1.06
	KMP	Rajiv Kuchhal	1.25	0.94
	KMP	David Bellin	0.04	1.25
	KMP	Ulrich Bäumer	1.01	0.66
	KMP	Lilian Jessie Paul	1.19	0.82
Expenses for services rendered	Subsidiary	Expleo Solutions Pte. Ltd. (formerly known as SQS BFSI Pte.Ltd.)	142.15	103.71
	Subsidiary	Expleo Solutions UK Ltd. (formerly known as SQS BFSI UK Ltd.)	486.94	849.50
	Subsidiary	SQS BFSI Inc., USA	112.54	184.21
	Subsidiary	SQS BFSI FZE., UAE	140.33	130.49
	Fellow Subsidiary	Expleo India Infosystems Private Limited (formerly known as SQS India Infosystems Private Limited)	12.69	11.09
	Fellow Subsidiary	SQS Nederland	11.97	8.63
	Fellow Subsidiary	SQS Software Quality Systems Ges.mbH, Austria	-	3.59
Other Transactions				
Proceeds from liquidation of a Subsidiary	Subsidiary	Thinksoft Global Services (Europe) GmbH	-	6.89
Contribution paid to the Group Gratuity Scheme	Post employment benefit plan	SQS India BFSI Limited Group Gratuity Scheme Trust	15.00	14.36
Final Dividend Paid	Holding Company	Expleo Technology Germany AG (formerly known as SQS Software Quality Systems AG, Germany)	115.18	115.08
Interim dividend	Holding Company	Expleo Technology Germany AG (formerly known as SQS Software Quality Systems AG), Germany	-	23.02

Notes to the Standalone Financial Statements for the year ended March 31, 2019

Rs. In Millions

Particulars	Nature of Relationship	Name of the Related Party	For the year ended March 31, 2019	For the year ended March 31, 2018
Cost Reimbursement Received	Holding Company	Expleo Technology Germany AG (formerly known as SQS Software Quality Systems AG), Germany	2.08	15.24
	Fellow Subsidiary	Expleo India Infosystems Private Limited (formerly known as SQS India Infosystems Private Limited)	0.40	0.45
	Fellow Subsidiary	SQS Software Quality Systems Ges.mbH, Austria	11.45	10.14
	Fellow Subsidiary	Expleo Technology Ireland Limited (formerly known as SQS software Quality Systems (Ireland) Limited)	1.04	0.05
	Fellow Subsidiary	SQS Nederland	0.11	-
	Fellow Subsidiary	Expleo South Africa (PTY) Limited (formerly known as SQS Group Limited), South Africa	1.43	4.47
	Fellow Subsidiary	SQS Group Ltd, Belfast, Ireland	1.30	-
Cost Reimbursement Paid				
	Subsidary	Expleo Solutions UK Ltd. (formerly known as SQS BFSI UK Ltd.)	44.05	56.77
	Subsidary	SQS BFSI Inc., USA	8.03	29.28
	Subsidary	SQS BFSI FZE., UAE	1.82	-
	Fellow Subsidiary	Expleo India Infosystems Private Limited (formerly known as SQS India Infosystems Private Limited)	5.68	5.38
	Fellow Subsidiary	Expleo Technologies India Private Limited (formerly known as Assystem Technologies India Private Limited)	0.86	-

Notes to the Standalone Financial Statements for the year ended March 31, 2019

Rs. In Millions

Particulars	Nature of Relationship	Name of the Related Party	As at March 31, 2019	As at March 31, 2018
Outstanding Balances				
Amounts Receivable from	Subsidiary	Expleo Solutions UK Ltd. (formerly known as SQS BFSI UK Ltd.)	45.64	73.85
	Subsidiary	SQS BFSI Inc., USA	-	46.59
	Holding Company	Expleo Technology Germany AG (formerly known as SQS Software Quality Systems AG, Germany)	0.84	21.24
	Fellow Subsidiary	Expleo Technology Ireland Limited (formerly known as SQS software Quality Systems (Ireland) Limited)	0.58	7.02
	Fellow Subsidiary	SQS Software Quality Systems Ges.mbH, Austria	41.58	14.87
	Fellow Subsidiary	Expleo India Infosystems Private Limited (formerly known as SQS India Infosystems Private Limited)	0.95	0.38
	Fellow Subsidiary	Expleo South Africa (PTY) Limited (formerly known as SQS Group Limited)	0.30	10.16
Amounts Payable to				
	Subsidiary	Expleo Solutions Pte. Ltd. (formerly known as SQS BFSI Pte.Ltd.)	13.87	29.90
	Subsidiary	SQS BFSI Inc, USA	69.78	-
	Subsidiary	SQS BFSI FZE., UAE	76.89	56.73
	Fellow Subsidiary	Expleo India Infosystems Private Limited (formerly known as SQS India Infosystems Private Limited)	5.96	7.18
	Fellow Subsidiary	SQS Nederland	1.34	4.65
	Fellow Subsidiary	SQS Software Quality Systems Ges.mbH, Austria	-	3.63
	Fellow Subsidiary	Expleo Technologies India Private Limited (formerly known as Assystem Technologies India Private Limited)	0.80	-

Notes to the Standalone Financial Statements for the year ended March 31, 2019

Rs. In Millions

Particulars	Nature of Relationship	Name of the Related Party	As at March 31, 2019	As at March 31, 2018
	Post employment benefit plan	SQS India BFSI Limited Group Gratuity Scheme Trust	1.40	2.71
Provision for expenses	KMP	Aarti Arvind	-	4.66
	KMP	K. Ramaseshan	-	2.18
	KMP	Balaji Viswanathan	2.76	-
	KMP	Desikan Narayanan	1.07	-
	KMP	Prof.K. Kumar	0.91	0.60
	KMP	Prof. S. Rajagopalan	0.91	0.60
	KMP	Rajiv Kuchhal	0.91	0.60
	KMP	David Bellin	-	1.05
	KMP	Ulrich Bäumer	0.91	0.60
	KMP	Lilian Jessie Paul	0.91	0.60
Investments	Subsidiary	Expleo Solutions Pte. Ltd. (formerly known as SQS BFSI Pte.Ltd.)	2.66	2.66
	Subsidiary	Expleo Solutions UK Ltd. (formerly known as SQS BFSI UK Ltd.)	24.17	24.17
	Subsidiary	SQS BFSI Inc., USA	4.62	4.62
	Subsidiary	SQS BFSI FZE., UAE	8.70	8.70

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

Details of Compensation paid to KMP

Particulars	Nature of Relationship	Details	For the year ended March 31, 2019	For the year ended March 31, 2018
Employee benefit expenses	KMP	Short term benefits	28.44	42.24
		Post employment benefits**	-	-
		Share based payments	-	0.98
		Total	**28.44**	**43.22**

** Remuneration to key Managerial personnel does not include charge for gratuity and compensated absences, as employee - wise breakup is not available

Note 43: Disclosures relating to Ind AS 115 'Revenue from contracts with Customers'

a) Disaggregation of Revenue

The table below presents disaggregated revenues from contracts with customers for the years ended March 31, 2019 and March 31, 2018 by contract type. The Company believe that this

Notes to the Standalone Financial Statements for the year ended March 31, 2019

disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by economic factors.

Revenue based on contract type:

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Fixed-bid	1,145.49	901.81
Time & Material	1,682.24	1,810.52
Total	**2,827.73**	**2,712.33**

The Company derives its revenue across two categories of contracts - Fixed Bid contracts and Time & Material (T&M) contracts. The Company has identified a single reportable segment namely 'Software Validation and Verification Services" as disclosed in Note 41 to Standalone Financial Statements. The Company as diclosed revenue generated by geographical market which is provided only as per the specific requirement of Ind AS 108 for a single reportable segment. However, the Company does not assess revenue based on geography and hence there is no disaggregation of revenue disclosed based on geography.

b) The contract liabilities (unearned revenue) primarily relate to the advance consideration received from customers for which revenue is recognised over time. An amount of Rs.17.65 million recognised in contract liabilities as at April 1, 2018 has been recognised as revenue for the year ended March 31, 2019.

c) There is no revenue recognised in the reporting period for performance obligations satisfied in previous periods.

d) Transaction price allocated to the remaining performance obligations

The aggregate value of transaction price allocated to unsatisfied (or partially satisfied) performance obligations is Rs. 102.41 million which is expected to be recognised as revenue in the next year. Remaining performance obligation estimates are subject to change and are affected by several factors, including adjustments for currency

Performance obligations and remaining performance obligations

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Company expects to recognize these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation related disclosures for contracts where the revenue recognized corresponds directly with the value to the customer of the entity's performance completed to date, typically those contracts where invoicing is on time and material basis and in the case of fixed bid contracts with an original expected project duration of less than one year.

Rs. In Millions

Particulars	For the year ended March 31, 2019
Revenue from contracts with customers (as per Statement of Profit and Loss)	2,827.73
Add: Discounts	15.55
Revenue as per contracted price with the customers	**2,843.28**

Notes to the Standalone Financial Statements for the year ended March 31, 2019

Note 44 : Disclosure made in terms of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Rs. In Millions

Particulars	**Name of the Company**	**Amount outstanding as on March 31, 2019**	**Maximum amount of outstanding during the year**
a) Loans and advances			
i) Loans and advances in nature of loans made to Subsidiary Company	None	Nil	Nil
ii) Loans and advances in nature of loans made to Associate Company	None	Nil	Nil
iii) Loans and advances in the nature of loans made to firms/ companies in which directors of the Company are interested	None	Nil	Nil
b) Investment by the loanee in the shares of parent Company and subsidiary Company, when the Company has made a loan or advance in the nature of loan.	None	Nil	Nil

Note 45: Disclosure under section 186(4) of the Companies Act, 2013

Details of investments made are disclosed under Note 4. There are no loans or guarantees given by the Company.

Note 46: Buy back

The Shareholders approved the proposal of Buyback of Equity Shares recommended by the Board of Directors, in its meeting held on January 31, 2019, through the postal ballot that concluded on March 28, 2019. At the maximum Buyback price of Rs 550/- per equity share and the maximum buyback size of Rs 253.49 Million, the maximum indicative number of shares bought back would be 4,60,896 Equity Shares (Maximum buyback shares) comprising approximately 4.30% of the paid-up equity Share Capital of the Company. The record date for the Buyback has been fixed as April 12, 2019. The Company has filed the draft letter of offer with the Stock Exchanges for their approval. The Buyback would be offered to all eligible Equity Shareholders of the Company (Other than the Promoters, the Promoter Group and Persons in control of the Company) under the tender offer route on a proportionate basis. The Company will fund the Buyback from its free reserves.

Note 47: Previous Year's Figures

Previous year's figures have been regrouped/ restated wherever necessary to conform to current year's classification.

Signatures to the Notes to the Standalone Financial Statements

For and on behalf of the Board

RENÉ GAWRON	**BALAJI VISWANATHAN**	**DESIKAN NARAYANAN**	**S. SAMPATH KUMAR**
Chairman & Director	**Managing Director & CEO**	**Chief Financial Officer**	**Company Secretary & Compliance Officer**
DIN : 06744645	**DIN : 06771242**		**ICSI Membership No. F3838**

Place : Chennai
Date : May 06, 2019

INDEPENDENT AUDITOR'S REPORT

To the Members of Expleo Solutions Limited (formerly known as SQS India BFSI Limited)
Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying Consolidated Ind AS financial statements of **Expleo Solutions Limited (formerly known as SQS India BFSI Limited)** ("the Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated Balance Sheet as at March 31, 2019, and the consolidated Statement of Profit and Loss (including other comprehensive income), the consolidated Statement of Changes in Equity and the consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies ("the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of the other auditors on the separate financial statements of the subsidiaries referred to in the Other Matters section below, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013 ("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, 2019, of consolidated profit, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("the ICAI") together with the ethical requirements that are relevant to our audit of the consolidated Ind AS financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter Description	Our Response
1. Revenue Recognition – Accuracy of recognition of revenue for fixed-price contracts on percentage of completion method involving critical estimates.	
The Group derives revenue from software services which involve primarily delivering software validation and verification services to the banking, financial services and insurance industry worldwide. Arrangements with customers include fixed-price contracts, revenue whereof is recognised on proportionate completion method on the basis of the work completed. The use of proportionate completion method requires the Group to estimate the efforts or costs expended to date as a proportion to total efforts or costs to be expended. These estimates of efforts or costs to be expended has a high inherent uncertainty which is based on the judgements made by the Management in ascertaining the costs and the efforts required to complete the remaining contractual performance obligations. In view of the same, there is a risk of revenue for the year being misstated due to incorrect recognition of accrued or deferred revenue as a result of using overstated / understated estimates of the costs and efforts to complete the remaining contractual performance obligations. (Refer Note 2(b)(i) and Note 2(c) to the Consolidated Financial Statements)	Our procedures included: Assessment of the appropriateness of the Group's revenue recognition policy for fixed-price contracts to ensure that it meets the recognition and measurement principles enumerated in Ind AS 115 including disclosures in the financial statements. Obtained an understanding of the process and related controls for appropriate recognition of revenue. Evaluating the design and implementation, and testing the operating effectiveness of such controls over the revenue recognition and measurement criteria. Tested fixed price contracts to assess whether the revenues recognised to date were appropriate; this work included reviewing stage of completion by reference to post year end data and understanding budget versus actual variances where applicable and the impact on revenue to be recognised by reference to the stage of completion. We performed cut-off testing for a sample of revenue transactions around the period end date, to check that they were recognised in the appropriate period. Evaluated the judgements made through discussions with project staff. Assessing the adequacy of the Group's disclosures about the degree of estimation involved in revenue recognition.
2. Direct Tax Provisions – Uncertain Tax Positions	
The Group has extensive international operations and in the normal course of the business, the Management makes significant judgements and estimates in relation to transfer pricing tax issues and in assessing tax exposures in each jurisdiction, many of which require interpretation of local laws, including amount expected to be paid/recovered for uncertain tax positions. Where the amount of tax payable is uncertain, the group establishes provisions based on management's judgement of the probable amount of liability. This is a key judgement on	Our procedures included: An understanding of: • the Group's tax strategy and transfer pricing policy; • the methodology for the calculation of the tax charge particularly in relation to any changes implemented during the current financial year; and • management's controls over tax reporting. We assessed the appropriateness of the tax provisions created by the Group and their use of estimates and judgements by involving our

Key Audit Matter Description	Our Response
account of the Group operating in a number of varying tax jurisdictions, the complexity of transfer pricing and other international tax legislations. Given this judgement, there is a risk that tax provisions are misstated.	inhouse tax specialist team, having discussions with the Company's management, assessed recent pronouncements affecting the methodology for calculation of tax charge and copies of external tax advice reports related to tax treatments applied and the corresponding provisions recorded. We have also evaluated whether the liabilities and potential exposures were appropriately disclosed in the Financial Statements.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report namely, the Chairman's Overview, the Performance Highlights – Decade at a Glance (on a consolidated basis), the Director's Report including annexures to the Director's Report and the Management Discussion and Analysis, but does not include the financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to preparation of these consolidated Ind AS financial statements in terms of the requirements of the Act, that give a true and fair view of the consolidated financial position, consolidated financial performance (including other comprehensive income), consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for 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; 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 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, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

(d) Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated Ind AS financial statements of which we are the independent auditors. For the other entities or business activities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated Ind AS financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated Ind AS financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

(a) We did not audit the financial statements of four subsidiaries incorporated outside India, whose financial statements reflect total assets of Rs.589.73 million as at March 31, 2019, total revenues of Rs.713.53 million and net cash outflows amounting to Rs.140.14 million for the year ended on that date, as considered in the consolidated Ind AS 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 Ind AS 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.

These subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's Management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our conclusion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of the other auditors and the conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the Management of the Company and audited by us.

Our opinion on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act based on our audit and on the consideration of reports of the other auditors on separate financial statements and the other financial information of subsidiaries as noted in the 'Other Matters' paragraph, we report, to the extent applicable, 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 of the aforesaid consolidated Ind AS financial statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 4 of the Companies (Accounts) Rules, 2014.

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2019 taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding Company are disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.

(f) With respect to the adequacy of internal financial controls with reference to financial statements of the Group and the operating effectiveness of such controls, refer to our separate report in Annexure A.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Holding Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.

(h) With respect to the other matters to be included in the Auditor's Report 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 and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, as noted in the 'Other matter' paragraph:

i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. Refer Note 34(a) to the consolidated Ind AS financial statements.

ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company.

For KALYANIWALLA & MISTRY LLP

CHARTERED ACCOUNTANTS

Firm Registration Number 104607W/W100166

FARHAD M. BHESANIA
Partner

Membership Number 127355

Place: Chennai
Date: May 06, 2019

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in Para 2 (f) 'Report on Other Legal and Regulatory Requirements' in our Independent Auditor's Report to the members of the Company on the Consolidated Ind AS Financial Statements for the year ended March 31, 2019.

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 with reference to financial statements of **Expleo Solutions Limited (formerly known as SQS India BFSI Limited)** ("the Holding Company"), as at March 31, 2019 in conjunction with our audit of the consolidated Ind AS financial statements of the Company for the year ended and as on that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Holding Company 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 (the "Guidance Note") 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 Holding 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 Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. 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 with reference to financial statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS 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 Holding Company's internal financial controls system with reference to financial statements.

Meaning of Internal Financial Controls with reference to Financial Statements

A Company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements 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 consolidated Ind AS 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 consolidated Ind AS financial statements.

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements 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 has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Holding 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 KALYANIWALLA & MISTRY LLP
CHARTERED ACCOUNTANTS
Firm Registration Number 104607W/W100166

FARHAD M. BHESANIA
Partner

Membership Number 127355

Place: Chennai
Date: May 06, 2019

Consolidated Balance Sheet as at March 31, 2019

Rs. In Millions

Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	3	186.68	212.93
Intangible Assets	3	1.97	10.69
Financial Assets			
(i) Loans	4	8.79	8.67
(ii) Other Non-Current Financial Assets	5	-	0.38
Deferred Tax Assets (Net)	6	25.38	16.94
Income Tax Assets (Net)	7	9.32	19.73
Other Non-Current Assets	8	28.50	9.60
Total Non-Current Assets		**260.64**	**278.94**
Current Assets			
Financial Assets			
(i) Trade Receivables	9	457.24	681.36
(ii) Cash and Cash Equivalents	10	978.92	595.21
(iii) Bank Balances other than (ii) above	11	8.06	254.80
(iv) Loans	12	77.65	17.25
(v) Other Current Financial Assets	13	76.63	40.53
Other Current Assets	14	72.81	43.45
Total Current Assets		**1,671.31**	**1,632.60**
TOTAL ASSETS		**1,931.95**	**1,911.54**
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	15	107.13	107.10
Other Equity	16	1,281.32	1,178.85
Total Equity		**1,388.45**	**1,285.95**
LIABILITIES			
Non-Current Liabilities			
Provisions	17	7.64	-
Total Non-Current Liabilities		**7.64**	-
Current Liabilities			
Financial Liabilities			
(i) Trade Payables			
(A) Total outstanding dues of micro enterprises and small enterprises ; and		0.10	-
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises		80.88	77.91
(ii) Other Current Financial Liabilities	18	328.39	340.89
Other Current Liabilities	19	69.17	94.76
Provisions	20	3.59	14.80
Current Tax Liabilities (Net)	21	53.73	97.23
Total Current Liabilities		**535.86**	**625.59**
TOTAL EQUITY AND LIABILITIES		**1,931.95**	**1,911.54**
Significant Accounting Policies	2		

The accompanying notes form an integral part of the Consolidated Financial Statements

As per our Report of even date.

For KALYANIWALLA & MISTRY LLP
CHARTERED ACCOUNTANTS
Firm Regn. No. 104607W/W100166

FARHAD M. BHESANIA
Partner
Membership Number 127355
Place : Chennai
Date : May 06, 2019

Signatures to the Consolidated Balance Sheet and Notes to Consolidated Financial Statements

For and on behalf of the Board

RENÉ GAWRON
Chairman & Director
DIN : 06744645
Place : Chennai
Date : May 06, 2019

BALAJI VISWANATHAN
Managing Director & CEO
DIN : 06771242

DESIKAN NARAYANAN
Chief Financial Officer

S. SAMPATH KUMAR
Company Secretary & Compliance Officer
ICSI Membership No. F3838

Consolidated Statement of Profit and Loss for the year ended March 31, 2019

Rs. In Millions

Particulars	Note No.	For the year ended March 31, 2019	For the year ended March 31, 2018
Revenue from Operations	22	2,827.73	2,712.33
Other Income	23	59.96	132.65
Total Income		**2,887.69**	**2,844.98**
EXPENSES			
Employee Benefits Expense	24	1,833.59	1,841.18
Finance Cost	25	0.67	2.87
Depreciation and Amortisation Expense	3	54.99	55.50
Other Expenses	26	462.76	466.29
Total Expenses		**2,352.01**	**2,365.84**
Profit Before Tax		**535.68**	**479.14**
Tax Expense			
Current Tax	6 (b)	181.27	163.35
Deferred Tax	6 (a)	(7.61)	(3.96)
Profit for the Year		**362.02**	**319.75**
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Remeasurements of the defined benefit plan		(2.38)	(1.18)
Income tax relating to items that will not be reclassified to profit or loss	6 (c)	0.83	0.41
Items that will be reclassified to profit or loss		-	-
Income tax relating to items that will be reclassified to profit or loss		-	-
Total Comprehensive Income for the Year		**360.47**	**318.98**
Attributable to:			
Owners of the Parent		360.47	318.98
Non-Controlling interests		-	-
Of the Total Comprehensive Income above, Profit for the year attributable to :			
Owners of the Parent		362.02	319.75
Non-Controlling interests		-	-
Of the Total Comprehensive Income above, Comprehensive Income attributable to :			
Owners of the Parent		(1.55)	(0.77)
Non-Controlling interests		-	-
Earnings per Equity Share (Face value Rs. 10/- per share)			
Basic (Rs.)	27	33.79	29.90
Diluted (Rs.)	27	33.79	29.90
Significant Accounting Policies	2		

The accompanying notes form an integral part of the Consolidated Financial Statements.

As per our Report of even date.

Signatures to the Consolidated Statement of Profit & Loss and Notes to Consolidated Financial Statements

For KALYANIWALLA & MISTRY LLP
CHARTERED ACCOUNTANTS
Firm Regn. No. 104607W/W100166

FARHAD M. BHESANIA
Partner

Membership Number 127355
Place : Chennai
Date : May 06, 2019

For and on behalf of the Board

RENÉ GAWRON
Chairman & Director
DIN : 06744645
Place : Chennai
Date : May 06, 2019

BALAJI VISWANATHAN
Managing Director & CEO
DIN : 06771242

DESIKAN NARAYANAN
Chief Financial Officer

S. SAMPATH KUMAR
Company Secretary & Compliance Officer
ICSI Membership No. F3838

Consolidated Statement of Changes in Equity for the year ended March 31, 2019

(a) Equity Share Capital

Rs. In Millions

Balance as at April 1, 2017	Changes in equity share capital during the year	Balance as at March 31, 2018
106.80	0.30	107.10

Rs. In Millions

Balance as at April 1, 2018	Changes in equity share capital during the year	Balance as at March 31, 2019
107.10	0.03	107.13

(b) Other Equity

Rs. In Millions

Particulars	Employee Stock Compensation Reserve	Reserves and Surplus			Attributable to owners of the parent	Non-Controlling Interest	Total
		Securities Premium	General Reserve	Retained Earnings			
Balance as at April 1, 2017	**0.33**	**190.03**	**153.09**	**820.98**	**1,164.43**	-	**1,164.43**
Profit for the year	-	-	-	319.75	319.75	-	**319.75**
Remeasurement of post employment benefit obligation, net of tax (OCI)	-	-	-	(0.77)	(0.77)	-	**(0.77)**
Total Comprehensive Income for the Year	-	-	-	**318.98**	**318.98**	-	**318.98**
Dividend (Including Dividend Tax)	-	-	-	(308.73)	(308.73)	-	**(308.73)**
Transfer to General Reserves	-	-	28.00	(28.00)	-	-	-
Securities premium received on issue of shares on exercise of employee stock options during the year	-	3.19	-	-	3.19	-	**3.19**
Employee stock option compensation cost	0.98	-	-	-	0.98	-	**0.98**
Balance as at March 31, 2018	**1.31**	**193.22**	**181.09**	**803.23**	**1,178.85**	-	**1,178.85**

Rs. In Millions

Particulars	Employee Stock Compensation Reserve	Reserves and Surplus			Attributable to owners of the parent	Non-Controlling Interest	Total
		Securities Premium	General Reserve	Retained Earnings			
Balance as at March 31, 2018	**1.31**	**193.22**	**181.09**	**803.23**	**1,178.85**	-	**1,178.85**
Profit for the year	-	-	-	362.02	362.02	-	**362.02**
Remeasurement of post employment benefit obligation, net of tax (OCI)	-	-	-	(1.55)	(1.55)	-	**(1.55)**
Total Comprehensive Income for the Year	-	-	-	**360.47**	**360.47**	-	**360.47**
Dividend (Including Dividend Tax)	-	-	-	(258.31)	(258.31)	-	**(258.31)**
Transfer to General Reserves	-	-	31.00	(31.00)	-	-	-
Securities premium received on issue of shares on exercise of employee stock options during the year	-	0.31	-	-	0.31	-	**0.31**
Balance as at March 31, 2019	**1.31**	**193.53**	**212.09**	**874.39**	**1,281.32**	-	**1,281.32**

As per our Report of even date.
For KALYANIWALLA & MISTRY LLP
CHARTERED ACCOUNTANTS
Firm Regn. No. 104607W/W100166

FARHAD M. BHESANIA
Partner
Membership Number 127355

Place : Chennai
Date : May 06, 2019

Signatures to the Consolidated Statement of Changes in Equity and Notes to Consolidated Financial Statements
For and on behalf of the Board

RENÉ GAWRON
Chairman & Director
DIN : 06744645

BALAJI VISWANATHAN
Managing Director & CEO
DIN : 06771242

DESIKAN NARAYANAN
Chief Financial Officer

S. SAMPATH KUMAR
Company Secretary & Compliance Officer
ICSI Membership No. F3838

Place : Chennai
Date : May 06, 2019

Consolidated Statement of Cash Flows for the year ended March 31, 2019

Rs. In Millions

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
A. Cash flow from operating activities		
Profit before tax	**535.68**	**479.14**
Adjustment for:		
Depreciation and Amortization Expense	54.99	55.50
Loss/(Profit) on sale of Property, Plant and Equipment	0.78	(0.15)
Provision no longer required	(4.78)	(3.49)
Unrealized forex exchange loss/(gain) (Net)	19.91	(41.58)
Interest income	(15.19)	(12.35)
ESOP Compensation Cost	-	0.98
(Reversal of)/Allowance for credit loss	(1.00)	0.67
Unwinding of discount on security deposits	(1.11)	(1.03)
Operating profit before working capital changes	**589.28**	**477.69**
Adjustment for:		
(Increase)/ Decrease in Trade Receivables	214.67	(228.62)
(Increase)/ Decrease in Loans	(59.35)	4.41
(Increase)/ Decrease in Other Current Financial Assets	(39.98)	(26.39)
(Increase)/ Decrease in Other Current Assets	(29.26)	(0.52)
(Increase)/ Decrease in Other Non-Current Assets	3.10	(0.41)
Increase/ (Decrease) in Trade Payables	3.29	44.77
Increase/ (Decrease) in Other Current Financial Liabilities	(10.65)	105.03
Increase/ (Decrease) in Other Current Liabilities	(25.53)	24.33
Increase/ (Decrease) in Provisions	(3.57)	0.19
Cash generated from operations	**642.00**	**400.10**
Direct Taxes paid (net of refunds)	(236.36)	(150.18)
Net cash flow from operating activities (A)	**405.64**	**249.92**
B. Cash flow from investing activities		
Investment in bank deposit having maturity greater than 3 months	(212.51)	(431.77)
Proceeds from maturity of Fixed Deposits	459.63	240.34
Payments for purchase of Property, Plant and Equipment and Intangible Assets	(23.89)	(12.59)
Proceeds from sale of Property, Plant and Equipment	3.09	0.18
Interest Income Received	19.07	9.13
Net cash flow from/(used in) investing activities (B)	**245.38**	**(194.71)**
C. Cash Flow from financing activities		
Proceeds from Issue of Shares/ Share application money received	0.34	3.50
Dividends paid	(214.27)	(256.51)
Tax on dividend paid	(44.04)	(52.22)
Net cash (used in) financing activities (C)	**(257.97)**	**(305.23)**
Net Increase/(Decrease) in Cash & Cash Equivalents (A + B +C)	**393.06**	**(250.02)**
Effect of changes in exchange rate on Cash and Cash Equivalents	(9.35)	15.64
Cash & Cash Equivalents at the beginning of the year	595.21	829.59
Cash and Cash Equivalents at the end of the year (Refer Note 10)	**978.92**	**595.21**

Notes :

The above Statement of Cash Flows includes Rs.7.97 Million spent (Previous Year: Rs.7.18 Million) towards Corporate Social Responsibility (CSR) Activities.

The accompanying notes form an integral part of the Consolidated Financial Statements.

As per our Report of even date.

For KALYANIWALLA & MISTRY LLP
CHARTERED ACCOUNTANTS
Firm Regn. No. 104607W/W100166

FARHAD M. BHESANIA
Partner
Membership Number 127355
Place : Chennai
Date : May 06, 2019

For and on behalf of the Board

RENÉ GAWRON
Chairman & Director
DIN : 06744645
Place : Chennai
Date : May 06, 2019

BALAJI VISWANATHAN
Managing Director & CEO
DIN : 06771242

DESIKAN NARAYANAN
Chief Financial Officer

S. SAMPATH KUMAR
Company Secretary & Compliance Officer
ICSI Membership No. F3838

Notes to the Consolidated Financial Statements for the year ended March 31, 2019

Note 1

Company Overview:

Expleo Solutions Limited (formerly known as SQS India BFSI Limited) ("Expleo Solutions" 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 were listed on the National Stock Exchange and Bombay Stock Exchange with effect from October 26, 2009.

The Company is a subsidiary of Expleo Technology Germany AG (formerly known as SQS Software Quality Systems AG), Germany.

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

Name of Subsidiary	Country of Incorporation	Percentage of ownership
Expleo Solutions Pte. Ltd. (formerly known as SQS BFSI Pte.Ltd.), Singapore	Singapore	100%
Expleo Solutions UK Ltd. (formerly known as SQS BFSI UK Ltd.), UK	UK	100%
SQS BFSI Inc., USA	USA	100%
SQS BFSI FZE., UAE	UAE	100%

Expleo Solutions Limited together with its subsidiaries is hereinafter referred to as "the Group".

The Financial Statements of the Group for year ended March 31, 2019 were authorized for issue in accordance with the resolution of the Board of Directors on May 6, 2019.

Note 2

Significant Accounting Policies:

a) Basis of preparation of financial statements:

i) Compliance with Ind AS:

These Consolidated Financial Statements comply in all material aspects with the Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and other relevant amendment Rules issued thereafter.

ii) Principles of consolidation:

The Company consolidates entities which it owns or controls. The Consolidated Financial Statements comprise the financial statements of the Company and its subsidiaries. Control exists when the parent has power over the entity, or is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, which significantly affect the entity's returns. Subsidiaries are consolidated from the date control commences until the date control ceases.

The Financial Statements of the Subsidiaries are consolidated on a line by line basis by adding together the book values of like items of Assets, liabilities, income and expenses after eliminating intra-group balances/transactions and resulting unrealized profits/losses in full.

The Consolidated Financial Statements are prepared using uniform accounting policies for transactions and other events in similar circumstances.

The Financial Statements include figures pertaining to the Head office and Branches/ Places of Business located at Madras Export Processing Zone - Chennai, Belgium and Malaysia and the following wholly owned subsidiaries:

Notes to the Consolidated Financial Statements for the year ended March 31, 2019

1. Expleo Solutions Pte. Ltd. (formerly known as SQS BFSI Pte. Ltd.), Singapore
2. SQS BFSI Inc., USA
3. Expleo Solutions UK Ltd (formerly known as SQS BFSI UK Ltd.), UK
4. SQS BFSI FZE, UAE

The Australia branch has no transactions during the year and is in the process of closure.

iii) Historical Cost Convention:

These Consolidated Ind AS Financial Statements have been prepared on historical cost basis except for the following assets and liabilities which have been measured at fair value:

a. Certain financial assets and liabilities measured at fair value

b. Defined benefit plans - plan assets and share based payments measured at fair value.

Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing standard requires a change in the accounting policy hitherto in use.

b) Critical Accounting Estimates:

While preparing the Consolidated Financial Statements in conformity with Ind AS, the management has made certain estimates and assumptions that require subjective & complex judgments. These judgments affect the application of accounting policies and the reported amounts of assets and liabilities and the disclosures of contingent liabilities at the balance sheet date and reported amount of income and expenses for the reporting period. Future events rarely develop exactly as forecasted and the best estimates require adjustments as actual results may differ from these estimates under different assumptions or conditions.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised prospectively.

Judgments, estimates and assumptions are required for:

i) Revenue Recognition:

The Group uses percentage of completion method for its fixed-bid contracts. The use of percentage-of-completion method requires the Group to estimate the efforts or costs expended to date as a proportion to total efforts or costs to be expended. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provision for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

ii) Determination of the estimated useful lives and residual values of tangible assets :

Useful lives of tangible assets are based on the life prescribed in the Schedule II of the Companies Act, 2013. In cases, where the useful lives are different from that prescribed in Schedule II, they are based on management's technical evaluation taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset and past history of replacements. Assumptions are also made, when the Group assesses, whether an asset may be capitalised and which components of the cost of the asset may be capitalised.

The estimation of residual value of the asset is based on the management's judgment about the condition of such asset at the point of sale of asset.

iii) Recognition and measurement of the defined benefit obligation:

The obligation arising from defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation, attrition rate and life expectancy. The discount rate is determined by reference to market yields at the end of the reporting period on government bonds. The period to

Notes to the Consolidated Financial Statements for the year ended March 31, 2019

maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations. Due to complexities involved in the valuation, defined benefit obligation is sensitive to changes in these assumptions. All assumptions are reviewed at each reporting period.

iv) Recognition of deferred tax assets

Deferred Tax Assets and Liabilities are recognised for the future tax consequences of temporary differences between the carrying value of assets and liabilities and their respective tax bases and unutilised business loss and depreciation carry forwards and tax credits. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the deductible temporary difference, depreciation carry forwards and unused tax credits could be utilised.

v) Leave Encashment:

The Group has a policy on the compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulated compensating absences is determined by actuarial valuation. Expenses on non accumulating compensated absences is recognised in the period in which the absences occur.

vi) Income Tax:

Significant judgements are involved in determining the provision for income taxes, including amount expected to be paid/ recovered for uncertain tax positions.

vii) Expected credit losses on financial assets:

On application of Ind AS 109, the impairment provisions of financial assets are based on assumptions about the risk of default and expected timing of collection. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group past history of collections, customer's credit-worthiness, existing market conditions as well as forward looking estimates at the end of each reporting period.

viii) Provisions and Contingent Liabilities:

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the balance sheet date. The actual outflow of resources at a future date may therefore, vary from the amount included in other provisions.

ix) Discounting of long term financial assets/ liabilities

All financial assets/ liabilities are required to be measured at fair value on initial recognition. In case of financial assets/ liabilities which are required to be subsequently measured at amortized cost, interest is accrued using the effective interest method.

c) Revenue Recognition:

Effective April 1, 2018, the Group adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative catch-up transition method, applied to contracts that were not completed as of April 1, 2018. In accordance with the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted. The effect on adoption of Ind AS 115 was insignificant.

Revenue is recognized upon transfer of control of promised services to customers in an amount that reflects the consideration the group expects to receive in exchange for those products or services.

The significant accounting policies related to revenue recognition are as under :

Software service income:

The Group has applied the guidance in Ind AS 115 'Revenue from Contracts with Customers' by applying the revenue recognition criteria for each distinct performance obligation. The arrangements with customers generally meet the criteria for considering software testing services as distinct performance obligations. The transaction price as allocated to each distinct performance obligation is defined in the contract with the customer. In the case of fixed-bid contracts, the performance obligations are satisfied as and when the

Notes to the Consolidated Financial Statements for the year ended March 31, 2019

services are rendered since the customer generally obtains control of the work as it progresses and the Group's performance creates an asset with no alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

i. The Group derives revenue from software services which involve primarily delivering software validation and verification services to the banking, financial services and insurance industry worldwide. Arrangements with customers are on a fixed-bid or on a time and material basis.

ii. 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 as there is a direct relationship between input and productivity.

iii. Revenue from fixed-bid contract, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity.

Revenues in excess of invoicing are classified as contract assets (which the group refers to as Unbilled Revenue) while invoicing in excess of revenues are classified as contract liabilities (which the group refers to as Unearned Revenue).

The billing schedules agreed with customers inclued periodic performance based payments and / or milestone based progress payments. Invoices are payable with in contractually agreed credit period.

iv. The Group accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the rateable allocation of the discounts/ incentives to each of the underlying performance obligation that corresponds to the progress by the customer towards earning the discount/ incentive. Also, when the level of discount varies with increases in levels of revenue transactions, the Group recognizes the liability based on its estimate of the customer's future purchases. If it is probable that the criteria for the discount will not be met, or if the amount thereof cannot be estimated reliably, then discount is not recognized until the payment is probable and the amount can be estimated reliably. The Group recognizes changes in the estimated amount of obligations for discounts in the period in which the change occurs.

v. Revenue includes reimbursement of expenses wherever billed as per the terms of the contracts.

vi. Deferred contract costs are incremental costs of obtaining a contract which are recognized as assets and amortized over the term of the contract.

vii. The Group presents revenues net of indirect taxes in its Statement of Profit and Loss.

viii. Provision for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current contract estimates.

d) Interest Income:

Interest Income is recognised using the effective interest rate method.

e) Dividend Income:

Dividend income is recognized when the right to receive payment is established.

f) Other Income:

Other Income is recognized when the right to receive is established.

g) Government Grants:

Grants from the government are recognised when there is reasonable assurance that:

Notes to the Consolidated Financial Statements for the year ended March 31, 2019

(i) the Group will comply with the conditions attached to them; and

(ii) the grant will be received.

h) Property, Plant and Equipment:

Property, plant and equipment 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 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 management's 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 and Improvements	Tenure of lease period or 10 years whichever is less
Residual Value is considered to be NIL.	

In the view of the management, assets individually costing Rs. 5,000/- or less have a useful life of one year and are depreciated in full in the year of acquisition.

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end.

Advances paid towards the acquisition of property, plant and equipment outstanding at each Balance Sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to property, plant and equipment are capitalized only when it is probable that future economic benefits associated with these will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in the Statement of Profit and Loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

i) Intangible Assets:

Intangible Assets are stated at cost less accumulated amortization and impairment losses, if any. Intangible Assets are amortized over their respective individual estimated useful lives on a straight line basis, from the date they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as stability of the industry, and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset. Amortization methods and useful lives are reviewed periodically including at each financial year end. If the estimated useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. The costs which can be capitalized include the cost of material, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds

Notes to the Consolidated Financial Statements for the year ended March 31, 2019

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	

In the view of the management, intangible assets individually costing Rs. 5,000/- or less have a useful life of one year and are hence fully amortised in the year of acquisition.

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

j) Financial Instruments:

i) Initial Recognition:

The Group recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities that are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

ii) Subsequent Measurement:

a) Non-derivative financial instruments:

(i) Financial instruments measured at amortized cost:

A financial instrument is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

The computation of amortized cost is done using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The EIR amortization is included in interest income in the Statement of Profit and Loss.

(ii) Financial Assets at fair value through other comprehensive income:

A financial instrument is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Further, in cases where the Group has made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

(iii) Financial Assets at fair value through profit and loss:

A financial asset which is not classified in any of the above categories is subsequently fair valued through profit or loss.

(iv) Financial Liabilities

Financial Liabilities are subsequently carried at amortized cost using the effective interest rate method. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

b) Share Capital:

Ordinary shares are classified as equity. Incremental costs directly attributable to

Notes to the Consolidated Financial Statements for the year ended March 31, 2019

the issuance of ordinary equity shares are recognized as a deduction from equity, net of any tax effects.

c) Derivatives:

Derivatives include foreign currency forward contracts. It is measured at fair value. Fair value of foreign currency forward contracts are determined using the fair value reports provided by the respective banks.

iii) Derecognition of financial instruments:

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial assets and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized from the Group Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

iv) Offsetting of financial instruments:

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

k) Impairment:

i) Financial Assets:

The Group recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, ECLs are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of ECLs (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized as an impairment gain or loss in the statement of profit and loss.

ii) Non-financial assets:

Intangible assets and property, plant and equipment:

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

If such assets are required to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the Statement of Profit and Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

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

l) Fair value of financial instruments:

The Group's accounting policies and disclosures require the measurement of fair values for financial instruments.

The Group has an established control framework with respect to the measurement of fair values. The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, then the management assesses the evidence obtained from the third parties to support

Notes to the Consolidated Financial Statements for the year ended March 31, 2019

the conclusion that such valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of a financial asset or a financial liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

Refer to Note 29 in the Consolidated Financial Statements for the disclosure on carrying value and fair value of financial assets and liabilities. For financial assets and liabilities maturing within one year from the Balance Sheet date and which are not carried at fair value, the carrying amounts approximate fair value due to the short maturity of these instruments.

m) Provisions and Contingencies:

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that is reasonably estimable, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the 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.

Onerous Contracts

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognizes any impairment loss on the assets associated with that contract.

Contingent Liabilities are disclosed in the notes to consolidated financial statements. 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 Group 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 Group does not recognize a contingent liability but discloses its existence in the Consolidated Financial Statements.

Contingent assets are not recognised but their existence is disclosed in the Consolidated Financial Statements.

n) Foreign Currency:

Functional Currency:

The functional currency of the Group is the Indian rupee. These Consolidated Financial Statements are presented in Indian rupees.

Notes to the Consolidated Financial Statements for the year ended March 31, 2019

Transactions and Translations:

Foreign currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in net profit in the Statement of Profit and Loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date of the transaction.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which transaction is settled. Exchange differences on account of conversion of foreign operations are also recognized as income or as expense in the year in which they arise. Revenue and expense items pertaining to foreign operations denominated in foreign currencies are translated into the relevant functional currencies using the monthly weighted average exchange rate of the respective currencies. The gains or losses resulting from such transactions are included in exchange loss/gain under the head "other expenses" or under the head "other income" respectively in the statement of profit and loss account.

o) Earnings per share:

Basic earnings per equity share are computed by dividing the net profit attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share are computed by dividing the net profit attributable to the equity shareholders of the company by the weighted average number of equity shares considered for deriving basic earnings per equity share that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

p) Income taxes:

Income tax expense comprises of current and deferred income tax. Income tax expense is recognized in the Statement of Profit and Loss for items recognized in the Statement of Profit and Loss. Income tax relating to items recognized outside the Statement of Profit and Loss is recognized outside the Statement of Profit and Loss (either in Other Comprehensive Income (OCI) or in Equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Current Tax:

Current income tax for current and prior periods (including Minimum Alternate Tax (MAT)) is recognized at the amount expected to be paid or recovered from the tax authorities in accordance with the Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that have been enacted or substantially enacted at the reporting date.

Current tax assets and liabilities are offset only if, the Group:

a) has a legally enforceable right to set off the recognized amounts; and

b) Intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred Tax:

Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the tax benefit will be realized; such reductions

Notes to the Consolidated Financial Statements for the year ended March 31, 2019

are reversed when the probability of future taxable profits improves.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantially enacted by the Balance Sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. Deferred income taxes are not provided on the undistributed earnings of subsidiaries and branches where it is expected that the earnings of the subsidiary or branch will not be distributed in the foreseeable future.

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 fulfillment of certain conditions.

MAT Credit is measured at the amounts of Minimum Alternate 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.

q) Employee Benefits:

i) Short term employee benefits:

Short term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Leave Encashment:

The Group pays leave encashment on short term basis for Onsite employees for the period of leave they are entitled to during their onsite stay.

ii) Post Employment obligations:

(a) Defined contribution plans:

Employee benefits in the form of Provident Fund/ Social Security payments are defined contribution schemes and contributions made are charged to the Statement of Profit and Loss for the year. The Group has no further obligations under these plans beyond its periodic contributions. Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(b) Defined benefit plans:

Gratuity:

The Group provides for gratuity, a defined benefit retirement plan ('the Gratuity Plan') covering eligible employees. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Group.

Liability with regard to the gratuity plan are determined by actuarial valuation, performed by an independent actuary, at each Balance Sheet date using the projected unit credit method. The Group recognizes the net obligation of a defined benefit plan in its Balance Sheet as an asset or liability.

Re-measurement of the net defined benefit liability, which comprise actuarial gains and losses are recognised immediately in other comprehensive income. Net interest expense / (income) on the net defined liability / (assets) is computed by applying the discount rate, used to measure the net defined liability / (asset). Net interest expense and other expenses related to defined benefit plans are recognised in the Statement of Profit and Loss.

iii) Long Term Employee Benefits

The Group's net obligation in respect of long term employee benefits for offshore

Notes to the Consolidated Financial Statements for the year ended March 31, 2019

employees, being long term compensated absences is the amount of future benefits that employee have earned in return for the service in the current and prior periods. The liability is determined by an independent actuary,using Projected Unit Credit Method. Actuarial gains and losses are recognised immediately as income or expense in the Statement of Profit and Loss. Obligation is measured at the present value of estimated future cashflows using a discount rate that is determined by reference to the market yields at the Balance Sheet date on Government Bonds where the currency and terms of the Government Bonds are consistent with the currency and estimated terms of the defined benefit obligation.

r) Share based compensation:

The Group recognizes compensation expense relating to share-based payments in net profit using fair value in accordance with Ind AS 102 'Share-Based Payment'. The estimated fair value of awards is charged to income on a straight line basis over the requisite service period for each separately vesting portion of the award as if the award was in-substance, multiple awards with a corresponding increase to share options outstanding account. The amount recognized as an expense is adjusted to reflect the actual number of stock options that vest.

s) Statement of Cash Flows:

The Statement of Cash Flows has been prepared under the 'Indirect method' as set out in Ind AS 7, 'Statement of Cash Flows', whereby profit for the period is adjusted for the effect of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

Cash and cash equivalents in the Statement of Cash Flows comprise cash at bank and in hand and fixed deposits with original maturity of three month or less, which are subject to an insignificant risk of changes in value.

t) Dividends:

The final dividend on shares is recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Holding Company's Board of Directors.

u) Leases:

Where the company is a lessee:

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating lease. Lease payments under operating leases are recognized as an expense on a straight line basis in the Statement of Profit and Loss over the lease term as per the terms of the agreement.

v) Segment reporting:

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group operations predominantly relate to software validation and verification services relating to banking, financial services and insurance industry and accordingly, this is the only primary reportable business segment. The segment sales information is provided on a geographical basis classified as India and the rest of the world.

w) Recent accounting pronouncements - Standard issued but not effective.

As per notification dated March 30, 2019, The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2019, and the companies (Indian Accounting standards) Second Amendment Rules, 2019 notifying Ind AS 116 'Leases' and Amendments to other Ind ASs. The effective date of adoption of this Ind AS and the amendments to the other standards is annual periods beginning on or after April 1, 2019 onwards.

Ind AS 116 – Leases

Ind AS 116 will replace the existing leases standard, Ind AS 17 Leases. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure

Notes to the Consolidated Financial Statements for the year ended March 31, 2019

of leases for both lessees and lessors. It introduces a single, on-balance sheet lessee accounting model for lessees. A lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17 'Leases'.

The Group will adopt Ind AS 116, effective annual reporting period beginning April 1, 2019. The Group will apply the standard to its leases, retrospectively, with the cumulative effect of initially applying the standard, recognised on the date of initial application (April 1, 2019). Accordingly, the Group will not restate comparative information, instead, the cumulative effect of initially applying this Standard, if any, will be recognised as an adjustment to the opening balance of retained earnings as on April 1, 2019. On that date, the Group will recognise a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as at April 1, 2019. In accordance with the standard, the Group will elect not to apply the requirements of Ind AS 116 to short-term leases and leases for which the underlying asset is of low value.

On transition, the Group will be using the practical expedient provided in the standard and therefore, will not reassess whether a contract, is or contains a lease, at the date of initial application.

With effect from April 1, 2019, the Group will recognise new assets and liabilities for its operating leases of premises and other assets. The nature of expenses related to those leases will change from lease rent in previous periods to:

(a) amortization change for the right-to-use asset, and

Previously, the Group recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

The Group is currently evaluating the effect of the aforementioned new standard.

Ind AS 12 – Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Group does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12 'Income Taxes'.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax

Notes to the Consolidated Financial Statements for the year ended March 31, 2019

loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Group does not expect any significant impact of the amendment on its consolidated financial statements.

Ind AS 109 – Prepayment Features with Negative Compensation

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The Group does not expect this amendment to have any impact on its consolidated financial statements.

Ind AS 19 – Plan Amendment, Curtailment or Settlement

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Group does not expect this amendment to have any significant impact on its consolidated financial statements.

Ind AS 23 – Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Group does not expect any impact from this amendment.

Ind AS 28 – Long-term Interests in Associates and Joint Ventures

The amendments clarify that an entity applies Ind AS 109 'Financial Instruments' to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. The Group does not currently have any long-term interests in associates and joint ventures.

Ind AS 103 – Business Combinations and Ind AS 111 – Joint Arrangements

The amendments to Ind AS 103 relating to re-measurement clarify that when an entity obtains control of a business that is a joint operation, it re-measures previously held interests in that business. The amendments to Ind AS 111 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business. The Group will apply the pronouncement if and when it obtains control/ joint control of a business that is a joint operation.

Notes to the Consolidated Financial Statements for the year ended March 31, 2019

Note 3: Property, Plant & Equipment and Intangible Assets

Rs. In Millions

Particulars	GROSS BLOCK				DEPRECIATION and AMORTISATION				NET BLOCK	
	As at April 1, 2018	Additions during the year	Deductions during the year	As at March 31, 2019	Upto March 31, 2018	For the Year	Deductions during the year	Upto March 31, 2019	As at March 31, 2019	As at March 31, 2018
a) Property, Plant & Equipment										
Buildings	190.19	-	-	190.19	23.20	11.61	-	34.81	155.38	166.99
Leasehold Improvements	2.37	-	-	2.37	1.90	0.46	-	2.36	0.01	0.47
Plant and Equipment	14.46	-	-	14.46	7.45	4.88	-	12.33	2.13	7.01
Office Equipment	5.36	2.20	0.16	7.40	3.05	2.01	0.01	5.05	2.35	2.31
Furniture and Fittings	22.58	0.78	-	23.36	12.58	7.84	-	20.42	2.94	10.00
Computer Equipment	50.81	14.11	1.97	62.95	26.26	17.91	1.97	42.20	20.75	24.55
Vehicles	2.37	6.35	5.38	3.34	0.77	1.11	1.66	0.22	3.12	1.60
Total Property, Plant & Equipment	**288.14**	**23.44**	**7.51**	**304.07**	**75.21**	**45.82**	**3.64**	**117.39**	**186.68**	**212.93**
Previous Year	**278.58**	**11.87**	**2.31**	**288.14**	**31.86**	**45.63**	**2.28**	**75.21**	**212.93**	
b) Intangible Assets										
Computer Software and Tools	19.15	0.45	-	19.60	8.46	9.17	-	17.63	1.97	10.69
Total Intangible Assets	**19.15**	**0.45**	-	**19.60**	**8.46**	**9.17**	-	**17.63**	**1.97**	**10.69**
Previous Year	**20.97**	**0.72**	**2.54**	**19.15**	**1.13**	**9.87**	**2.54**	**8.46**	**10.69**	
TOTAL (a +b)	**307.29**	**23.89**	**7.51**	**323.67**	**83.67**	**54.99**	**3.64**	**135.02**	**188.65**	**223.62**
Total Previous Year(a+b)	**299.55**	**12.59**	**4.85**	**307.29**	**32.99**	**55.50**	**4.82**	**83.67**	**223.62**	

Notes to the Consolidated Financial Statements for the year ended March 31, 2019

Note 4: Loans

Rs. In Millions

Particulars	As at March 31, 2019	As at March 31, 2018
Loans Receivables considered good - Secured	-	-
Loans Receivables considered good - Unsecured		
Security Deposit	8.79	8.67
Loans Receivables which have significant increase in Credit Risk	-	-
Loans Receivables - credit impaired		
Security Deposit	2.44	2.44
Less: Provision for Doubtful Deposits	(2.44)	(2.44)
Total	**8.79**	**8.67**

Note 5: Other Non Current Financial Assets

Rs. In Millions

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, Considered good		
Fixed Deposits with remaining maturity of more than 12 months(Refer Note 5.1 below)	-	0.38
Total	**-**	**0.38**

Note 5.1: Under lien with bank towards guarantees issued by the bank on behalf of the Company amounting to is Rs. Nil (Previous Year : Rs. 0.38 Million).

Note 6: Deferred Tax Assets

a) Movement in Deferred Tax Balances

Rs. In Millions

Particulars	Net Balance as at March 31, 2018	Movement during the year		Net Balance as at March 31, 2019
		Recognised in Profit or Loss	Recognised in Other Comprehensive Income	
Deferred Tax Assets/ (Liabilities)				
Property, Plant and Equipment	5.76	6.24	-	12.00
Employee Benefits	0.95	2.61	0.83	4.39
Allowance for expected Credit loss	0.47	(0.35)	-	0.12
Unused Tax Credits	8.87	-	-	8.87
Long term Capital gain	0.89	(0.89)	-	-
Deferred Tax Assets/ (Liabilities)	**16.94**	**7.61**	**0.83**	**25.38**

Notes to the Consolidated Financial Statements for the year ended March 31, 2019

Note 6: Deferred Tax Assets (Contd.)

Rs. In Millions

Particulars	Net Balance as at April 1, 2017	Movement during the year		Net Balance as at March 31, 2018
		Recognised in Profit or Loss	Recognised in Other Comprehensive Income	
Deferred Tax Assets/ (Liabilities)				
Property, Plant and Equipment	1.48	4.28	-	5.76
Employee Benefits	0.64	(0.10)	0.41	0.95
Allowance for expected Credit loss	1.44	(0.97)	-	0.47
Impact of Fair Valuation of Security Deposit	0.03	(0.03)	-	-
Unused Tax Credits	8.87	-	-	8.87
Long term Capital gain	-	0.89	-	0.89
Employee Stock Option Expenses	0.11	(0.11)	-	-
Deferred Tax Assets/ (Liabilities)	**12.57**	**3.96**	**0.41**	**16.94**

b) Amounts recognised in the Statement of Profit and Loss

Rs. In Millions

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Current Income Tax	179.73	163.44
Deferred Tax Asset (Net)		
Origination and reversal of Tax on Temporary Differences	(7.61)	(3.96)
Income Tax Pertaining to Previous Years	1.54	(0.09)
Tax expense for the year	**173.66**	**159.39**

c) Amounts recognised in Other Comprehensive Income

Rs. In Millions

Particulars	For the year ended March 31, 2019			For the year ended March 31, 2018		
	Before Tax	Tax (Expense)/ Benefit	Net of Tax	Before Tax	Tax (Expense)/ Benefit	Net of Tax
Remeasurement of Defined Benefit Liability	(2.38)	0.83	(1.55)	(1.18)	0.41	(0.77)
	(2.38)	**0.83**	**(1.55)**	**(1.18)**	**0.41**	**(0.77)**

Notes to the Consolidated Financial Statements for the year ended March 31, 2019

d) Reconciliation of Income Tax expense and the accounting profit multiplied by India's tax rate

Rs. In Millions

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Profit Before Tax	**535.68**	**479.14**
Indian statutory income tax rate	34.944%	34.608%
Expected income tax expense	**187.19**	**165.82**
Tax effect of adjustments to reconcile expected Income Tax Expense:		
Tax Effect of Non-Deductible expenses to reported Income Tax Expense	(1.32)	4.45
Tax Effect of Tax holidays (Refer Note (e) below)	(4.30)	(5.60)
Tax Effect of Tax paid at a lower rate for foreign branches	1.57	3.58
Tax Effect of differences in overseas tax rates for foreign subsidiaries	(6.99)	(3.03)
Adjustments recognised in current year in relation to tax of prior years	1.54	(0.09)
Tax Effect of Income not subject to Tax	(5.29)	(7.67)
Income chargeable at lower rate of tax	0.89	(1.31)
Others	0.37	3.24
Total Income Tax Expense	**173.66**	**159.39**

e) The Company benefits from the tax holiday available for units set up under the Special Economic Zone Act, 2005. The unit set up under SEZ will be eligible for deductions of 100% of profits or gains derived from export of services for the first five years, 50% of such profits or gains for a further period of five years and 50% of such profit or gains for another period of five years subject to fulfilment of certain conditions. This is the tenth year of deduction u/s 10AA of the Income tax Act, 1961. From April 1, 2011 units set up under SEZ scheme are subject to Minimum Alternate Tax (MAT).

f) The Group offsets tax assets & liabilities if and only if it has a legally enforceable right to set off current tax assets & current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority. Significant management judgment is required in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets.

g) The recoverability of deferred income tax assets is based on the estimate of taxable income in the tax jurisdiction in which the entity operates and the period over which deferred income tax assets will be recovered.

h) As on March 31, 2019, the tax liability with respect to the dividends proposed is Rs. Nil (Previous Year: Rs. 43.61 Million).

Rs. In Millions

i) Tax Credits Carried forward	As at March 31, 2019	Expiry Date	As at March 31, 2018	Expiry Date
F.Y 2008-09	-*	March 31, 2024	-*	March 31, 2024
F.Y 2009-10	8.87	March 31, 2025	8.87	March 31, 2025

* Denotes an amount less than Rs. 5,000/-.

Notes to the Consolidated Financial Statements for the year ended March 31, 2019

Note 7 : Income Tax Assets (Net)

Rs. In Millions

Particulars	As at March 31, 2019	As at March 31, 2018
Advance Tax and Tax Deducted at Source (Net)	9.32	19.73
Total	**9.32**	**19.73**

(Refer Note 6 for Tax Reconciliations)

Note 8 : Other Non Current Assets

Rs. In Millions

Particulars	As at March 31, 2019	As at March 31, 2018
Deferred Rent	-	0.57
Prepaid Expenses	0.74	4.03
Balances with Government authorities	27.00	5.00
Capital Advances	0.76	-
Total	**28.50**	**9.60**

Note 9 : Trade Receivables

Rs. In Millions

Particulars	As at March 31, 2019	As at March 31, 2018
Trade Receivables Considered Good - secured	-	-
Trade Receivables Considered Good - Unsecured	457.58	682.70
Trade Receivables which have a significant increase in credit risk	-	-
Trade Receivables - Credit Impaired	-	-
Less: Allowances for Credit Loss	(0.34)	(1.34)
Total	**457.24**	**681.36**

Note 10 : Cash and Cash Equivalents

Rs. In Millions

Particulars	As at March 31, 2019	As at March 31, 2018
Balances With Banks		
in Current Accounts	943.91	595.20
in Deposit Accounts with original maturity of less than 3 months	35.00	-
Cash On Hand	0.01	0.01
Total	**978.92**	**595.21**

Note 10.1: There are no repatriation restrictions with regard to Cash and Cash equivalents as at the end of the reporting period and prior period.

Note 11: Other Bank Balances

Rs. In Millions

Particulars	As at March 31, 2019	As at March 31, 2018
Balances With Banks		
Earmarked Balances with Banks - Unclaimed Dividend	3.93	3.93
Deposits with original maturity of more than 3 months but less than 12 months (Refer Note 11.1 below)	4.13	250.87
Total	**8.06**	**254.80**

Notes to the Consolidated Financial Statements for the year ended March 31, 2019

Note 11.1: Includes deposits under lien with bank towards guarantee issued by the bank on behalf of the Company Rs. 3.63 Million (Previous Year: Rs. 1.17 Million).

Note 11.2: There are no repartriation restrictions with regard to Other Bank balances as at the end of the reporting period and prior period.

Note 12: Loans (Current)

Rs. In Millions

Particulars	**As at March 31, 2019**	**As at March 31, 2018**
Loans Receivables considered good - Secured	-	-
Loans Receivables considered good - Unsecured	-	-
Security Deposit	32.41	17.25
Dues from Related parties (Refer Note 12.1 below)	45.24	-
Loans Receivables which have significant increase in Credit Risk	-	-
Loans Receivables - credit impaired		
Total	**77.65**	**17.25**

Note 12.1: Represents Loan given to a Fellow Subsidiary. The GBP loan was given at 2.5% interest per annum for general purpose to the fellow subsidiary and was guaranteed by Expleo Technology Germany AG (formerly knowns as SQS Software Quality Systems AG), Germany.

Note 13: Other Current Financial Assets

Rs. In Millions

Particulars	**As at March 31, 2019**	**As at March 31, 2018**
Interest accrued on fixed deposits	0.11	3.99
Export incentive receivables	50.44	16.00
Other receivables	0.80	-
Unbilled Revenue	25.28	20.54
Total	**76.63**	**40.53**

Note 14: Other Current Assets

Rs. In Millions

Particulars	**As at March 31, 2019**	**As at March 31, 2018**
Considered Good		
Advances to vendors	4.84	0.70
Advances to employees and others	6.18	6.42
Balances with Government Authorities	45.87	21.02
Prepaid Expenses	15.34	14.26
Deferred rent	0.58	1.05
Total	**72.81**	**43.45**

Notes to the Consolidated Financial Statements for the year ended March 31, 2019

Note 15 : Equity Share Capital

Rs. In Millions

Particulars	As at March 31, 2019	As at March 31, 2018
a) Authorised		
12,000,000 Equity Shares of INR 10/- each	120.00	120.00
	120.00	**120.00**
b) Issued, Subscribed and Paid Up		
10,713,381 (Previous Year: 10,710,381) Equity Shares of Rs 10/- each fully paid up	107.13	107.10
	107.13	**107.10**

c) During the year, the Company has issued 3,000 (Previous Year: 30,500) Equity shares under the Employee Stock Option Scheme, 2011.

d) Reconciliation of number of shares outstanding at the beginning and end of the year

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of shares	Rs. In Millions	No. of shares	Rs. In Millions
Equity Shares				
Outstanding at the beginning of the year	10,710,381	107.10	10,679,881	106.80
Issued during the year	3,000	0.03	30,500	0.30
Outstanding at the end of the year	**10,713,381**	**107.13**	**10,710,381**	**107.10**

e) Shareholding Information

Particulars	As at March 31, 2019	As at March 31, 2018
Equity Shares are held by		
Expleo Technology Germany AG (formerly known as SQS Software Quality Systems AG), Germany (Holding Company)	5,758,804	5,753,801

f) Rights, preferences and restrictions 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 held. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the Annual General Meeting except in case of interim dividend. In the event of liquidation, the shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

g) Shareholders holding more than 5% shares in the Company

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of shares	%	No. of shares	%
Equity Shares	5,758,804	53.75	5,753,801	53.72
Expleo Technology Germany AG (formerly known as SQS Software Quality Systems AG), Germany (Holding Company)				

Notes to the Consolidated Financial Statements for the year ended March 31, 2019

As per the 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.

h) Equity Shares Reserved for Issue Under Options

For Details of shares reseved for issue under the employee stock option (ESOP) plan of the Company, please refer Note 31(a) to the Consolidated Financial Statements..

Note 16: Other Equity

Rs. In Millions

Particulars	As at March 31, 2019	As at March 31, 2018
a) Securities Premium (Refer Note 16.1 below)		
Opening Balance	193.22	190.03
Addition during the year	0.31	3.19
Closing Balance	**193.53**	**193.22**
b) General Reserve (Refer Note 16.2 below)		
Opening Balance	181.09	153.09
Addition during the year	31.00	28.00
Closing Balance	**212.09**	**181.09**
c) Retained Earnings (Refer Note 16.3 below)		
Opening Balance	803.23	820.98
Profit for the year	362.02	319.75
Transfer to General Reserve	(31.00)	(28.00)
Other Comprehensive Income	(1.55)	(0.77)
Dividends (including Dividend Distribution Tax)	(258.31)	(308.73)
Closing Balance	**874.39**	**803.23**
d) Employee Stock Compensation Reserve (Refer Note 16.4 below)		
Opening Balance	1.31	0.33
Addition during the year	-	0.98
Closing Balance	**1.31**	**1.31**
Total	**1,281.32**	**1,178.85**

Note 16.1: Securities Premium

The Securities Premium Account has been created on account of premium on issue of Equity shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

Note 16.2: General Reserve

The Group has transferred a portion of the net profit of the Company to general reserve, on a voluntary basis.

Notes to the Consolidated Financial Statements for the year ended March 31, 2019

Note 16.3: Retained Earnings

Retained Earnings are the profits that the Company has earned till date, less any transfers to General reserve, dividends or other distributions paid to shareholders.

Note 16.4: Employee Stock Compensation Reserve

The Employee Stock Compensation Reserve is used to recognise the grant date fair value of options issued under the Group's Stock Option Plan provided to employees as part of their remuneration . Refer Note 31 (b) to the Consolidated Financial Statements.

Note 17: Provisions (Non Current)

Rs. In Millions

Particulars	As at March 31, 2019	As at March 31, 2018
Compensated absenses	7.64	-
Total	**7.64**	**-**

Note 18: Other Current Financial Liabilities

Rs. In Millions

Particulars	As at March 31, 2019	As at March 31, 2018
Employee benefits payable	95.40	100.14
Gratuity	7.78	2.71
Liabilities for other expenses	221.28	234.11
Unclaimed dividend (Refer Note 18.1 below)	3.93	3.93
Total	**328.39**	**340.89**

Note 18.1: There are no amounts due for payment to the Investor Education and Protection Fund as at the end of the current year and the previous year.

Note 19: Other Current Liabilities

Rs. In Millions

Particulars	As at March 31, 2019	As at March 31, 2018
Statutory Dues	61.77	77.11
Unearned Revenue	7.40	17.65
Total	**69.17**	**94.76**

Note 20: Provisions (Current)

Rs. In Millions

Particulars	As at March 31, 2019	As at March 31, 2018
Provision for Employee Benefits:		
Compensated Absences	3.59	14.80
Total	**3.59**	**14.80**

Notes to the Consolidated Financial Statements for the year ended March 31, 2019

Note 21: Current Tax Liabilities (Net)

Rs. In Millions

Particulars	As at March 31, 2019	As at March 31, 2018
Provision for Tax (Net)	53.73	97.23
Total	**53.73**	**97.23**

(Refer Note 6 for Tax Reoncilations)

Note 22: Revenue from Operations

Rs. In Millions

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Revenue from Contracts with customer		
Software Services	2,827.73	2,712.33
Total	**2,827.73**	**2,712.33**

Note 22.1: For Disclosures as required under Ind AS 115 'Revenue from Contracts with Customers' refer Note 39 to the Consolidated Financial Statements.

Note 23: Other Income

Rs. In Millions

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest Income		
On Fixed deposits	15.19	12.35
On Other financial assets carried at amortised cost	1.11	1.03
On Income Tax Refund	-	2.90
Export Incentives (Net) (Refer Note 23.1 below)	34.44	52.05
Profit on Sale of Property Plant and Equipment	-	0.15
Provision no longer required written back	4.78	3.49
Provision for expected credit loss written back	1.00	-
Miscellaneous Income	-	-
Net foreign exchange gain	3.29	60.43
Government Grant	0.15	0.25
Total	**59.96**	**132.65**

Note 23.1: Consequent to the guidance issued by the Institute of Chartered Accountants of India on Ind AS 115 'Revenue from Contracts with Customers' and in compliance with Ind AS 20 'Government Grants', the amount of export incentives have been reclassified from 'Other Operating Revenues' to 'Other income'. These reclassifications do not have any impact on the reported Total Income or on the Profit Before Tax for the years ended March 31, 2019 & March 31, 2018.

Notes to the Consolidated Financial Statements for the year ended March 31, 2019

Note 24: Employee Benefit Expense

Rs. In Millions

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Salaries, wages and bonus	1,718.01	1,740.52
Contribution to provident and other funds (Refer Note no. 28 (b) (i))	67.20	59.18
Gratuity expense (Refer Note no. 28 (b) (ii))	19.46	14.37
Staff welfare expense	28.92	26.13
ESOP Compensation Cost (Refer Note no. 31 (b))	-	0.98
Total	**1,833.59**	**1,841.18**

Note 25: Finance Cost

Rs. In Millions

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Finance Cost	0.67	2.87
Total	**0.67**	**2.87**

Note 26: Other Expenses

Rs. In Millions

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Travel and conveyance	173.42	184.11
Net foreign exchange Loss	22.65	-
Sales commission	13.42	14.79
Professional fees	42.04	45.58
Software expenses	34.13	32.94
Rent expenses	28.01	26.78
Marketing and selling expenses	24.26	43.13
Repairs & maintenance		
Buildings	16.94	14.87
Plant and machinery	1.23	0.66
Others	5.73	5.19
Power and fuel	15.75	15.19
Rates and taxes	19.34	7.77
Loss on sale of Property, Plant & Equipment	0.78	-
Communication expenses	14.27	14.94
Commission to independent directors	4.55	4.80
Insurance	10.27	9.95
Training and recruitment	11.11	22.83
Donation	-	-

Notes to the Consolidated Financial Statements for the year ended March 31, 2019

Rs. In Millions

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Corporate social responsibility expense	7.97	7.18
Audit fees	1.62	2.31
Directors sitting fees	1.74	1.72
Allowance for credit loss	-	0.67
Bad debts	-	2.47
Miscellaneous expenses	13.53	8.39
Total	**462.76**	**466.29**

Note 27: Earnings Per Share

a) Basic Earnings Per Share

The calculation of Basic Earnings Per Share is based on profit attributable to equity shareholders and weighted average number of equity shares outstanding.

(i) Profit attributable to equity shareholders (basic)

Rs. In Millions

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Profit for the year, attributable to equity shareholders of the company	362.02	319.75
Total	**362.02**	**319.75**

(ii) Weighted average number of equity shares (basic)

Rs. In Millions

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Number of equity shares at the beginning of the year	10,713,381	10,679,881
Add: Weighted average of shares issued during the year	2,729	13,618
Total weighted average number of equity shares for calculating basic EPS	**10,716,110**	**10,693,499**
Earnings per Share - Basic (in Rs.) (nominal value Rs. 10/- per share)	**33.79**	**29.90**

(b) Diluted Earnings Per Share

The calculation of diluted earnings per share is based on the profit attributable to equity shareholders and weighted average number of equity shares outstanding after adjustment for the effects of all dilutive potential equity shares.

Notes to the Consolidated Financial Statements for the year ended March 31, 2019

(i) Profit attributable to equity shareholders (diluted) **Rs. In Millions**

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Profit for the year, attributable to equity shareholders of the company	362.02	319.75
	362.02	**319.75**

(ii) Weighted average number of equity shares (diluted) **Rs. In Millions**

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Weighted average number of equity shares outstanding (basic)	10,716,110	10,693,499
Add: Effect of dilutive stock option	2,314	2,314
Weighted average number of equity shares for calculating diluted EPS	**10,718,424**	**10,695,813**
Earnings per Share - Diluted (in Rs.) (nominal value Rs. 10/- per share)	**33.79**	**29.90**

Note 28: Disclosure as required under Ind AS 19 - Employee Benefits

a) Compensated Absence

The Company provides for the encashment of leave or leave with pay to offshore employees. The employees are entitled to accumulate leave, subject to certain limits, for future availment/ encashment. The liability is provided based on the number of days of unutilised days of leave at each Balance Sheet date on the basis of the year-end actuarial valuation using the projected unit credit method. The scheme is unfunded.

Rs. In Millions

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Liability at the beginning of the year	14.79	13.81
Leave salary cost accounted for the year (Net)	(3.56)	0.98
Total liability as at the end of the year	**11.23**	**14.79**

Note 28 (a).1: Refer Note 17 for Long term benefits and Note 20 for Short term benefits.

(b) Post-employment obligations

(i) Defined contribution plan - Provident fund & Social Security Schemes **Rs. In Millions**

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Employers contribution accounted for the year (Includes EDLI charges and Employer's contribution to Employees' Pension Scheme, 1995) (Refer Note 24)	67.20	59.18
Total	**67.20**	**59.18**

Notes to the Consolidated Financial Statements for the year ended March 31, 2019

(ii) Gratuity

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/ termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied by the number of years of service. The gratuity plan is a funded plan and the Company makes contributions to Life Insurance Corporation of India (LIC) as per New Group Gratuity Cash Accumlation Plan for Pension and Group Schemes Fund by Insurance Regulatory and Development Authority(IRDA)Regulations. The Company does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments.

Defined Benefit Plan - Gratuity Rs. In Millions

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
i) Change in Present Value Of Defined Benefit Obligation		
Present Value Of Defined Benefit Obligation at the beginning of the year	82.09	77.61
Interest cost	5.57	4.70
Current service cost	19.36	10.69
Benefits paid	(17.23)	(17.01)
Past Service Cost	0.21	4.56
Actuarial (Gain)/Loss on obligations- due to change in demographic assumptions	-	(0.98)
Actuarial (Gain)/Loss on obligations- due to change in financial assumptions	1.07	(2.13)
Actuarial (Gain)/Loss on obligations- due to change in experience	1.53	4.65
Present value of obligation as at end of the year	**92.60**	**82.09**
ii) Change in fair value of Plan Assets		
Fair value of plan assets at the beginning of the year	75.92	76.66
Expected return on plan assets	5.68	5.01
Contributions made	18.46	10.90
Benefits paid	(15.46)	(17.01)
Return on plan assets, excluding amounts included in interest (expense)/ income	0.22	0.36
Fair value of plan assets at the end of the year	**84.82**	**75.92**
iii) Amount recognized in the balance sheet		
Present value of the obligation as at end of the year	92.60	82.09
Fair value of plan assets as at end of the year	84.82	75.92
Net obligation as at end of the year	7.78	6.17
Expected return on plan assets and actuarial gains thereon not recognized pending confirmation from LIC	-	-
Amount recognized in the balance sheet	**7.78**	**6.17**
Net asset/(liability) recognized - Current	7.78	6.17
Net asset/(liability) recognized - Non current (Refer Note (i) below)	-	-

Notes to the Consolidated Financial Statements for the year ended March 31, 2019

Defined Benefit Plan - Gratuity (contd.)

Rs. In Millions

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
iv) Expenses recognized in the statement of profit and loss for the year		
Current service cost	19.36	10.69
Past service cost	0.21	4.56
Net Interest on Net Defined benefit obligations	(0.11)	(0.31)
Total expense included in employee benefit expenses	**19.46**	**14.94**
v) Recognized in Other comprehensive income for the year		
Actuarial (Gain)/Loss on obligations- due to change in demographic assumptions	-	(0.98)
Actuarial (Gain)/Loss on obligations- due to change in financial assumptions	1.07	(2.13)
Actuarial (Gain)/Loss on obligations- due to change in experience	1.53	4.65
Remeasurement - (return)/loss on plan assets excluding amount included in net interest income	(0.22)	(0.36)
Recognized in other comprehensive income	**2.38**	**1.18**
vi) Actuarial assumptions		
Discount rate - Current	7.07%	7.34%
Expected rate of return on plan assets	7.07%	7.34%
Salary Escalation - Current	7.00%	7.00%
Attrition rate	18.00%	18.00%
vii) Sensitivity Analysis		
The sensitivity of the defined benefit obligiation to changes in the weighted principal assumptions is:		
Impact on defined benefit obligation		
Delta effect of +0.5% Change in Rate of discounting	84.26	80.21
Delta effect of -0.5% Change in Rate of discounting	88.28	84.05
Delta effect of +0.5% Change in Rate of Salary Escalation	88.29	84.08
Delta effect of -0.5% Change in Rate of Salary Escalation	84.20	80.15
Delta effect of +0.5% Change in Rate of Employee turnover	86.15	82.05
Delta effect of -0.5% Change in Rate of Employee turnover	86.30	82.12
Methodology adopted for asset liability management (ALM)	Projected unit Credit Method	Projected unit Credit Method
Refer note 28 (ii) below		

Notes to the Consolidated Financial Statements for the year ended March 31, 2019

viii) Maturity profile of defined benefit obligation

The weighted average duration of the defined benefit obligation is 10 years.The expected maturity analysis of gratuity is as follows:

Rs. In Millions

Projected benefits payables in future years from the date of reporting	For the year ended March 31, 2019	For the year ended March 31, 2018
1st Following year	15.25	13.83
2nd Following year	14.97	12.95
3rd Following year	13.92	12.14
4th Following Year	12.68	11.14
5th Following year	11.46	9.89
Sum of year 6 to 10 years	39.81	28.37

ix) Category of Plan assets

Funds managed by the Insurer	100%	100%

x) Risk exposure

This does not apply to the Company since it invests in the traditional plan of LIC, for which the underlying assets are not known to the policy holders.

Note 28 :

(i) The Group has no legal obligation to settle the deficit in the funded plans with an immediate contribution or additional one off contributions. The Group intends to continue to contribute the defined benefit plans based on short term expected payouts in line with the actuary's recommendations.

(ii) Usefulness & methodology adopted for sensitivity analysis

Sensitivity analysis is an analysis which will give the movement in liability if the assumptions were not to be true on different count. This only signifies the change in the liability if the difference between assumed & the actual is not following the paramaters of the sensitivity analysis.

(iii) The net benefit liability towards gratuity as at March 31, 2018 as per actuarial valuation excludes an amount of Rs. 3.46 million contributed by the Group but not considered by LIC in its fund movement as at March 31, 2018. The Group has reduced the amount paid to LIC of Rs. 3.46 million while providing for the liability towards gratuity as at March 31, 2018 as reflected in Note 18.

Note 29 : Financial Instruments- Fair Values and Risk Management

(a) The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Notes to the Consolidated Financial Statements for the year ended March 31, 2019

Note 29 : Financial Instruments- Fair Values and Risk Management (Contd.)

Rs. In Millions

As at March 31, 2019	Carrying Amount				Fair Value			
	Fair value through profit and loss	Fair Value through OCI	Amor-tised cost	Total	Level 1	Level 2	Level 3	Total
Financial Assets:								
Security deposits - non current	-	-	8.79	8.79	-	8.82	-	8.82
Trade receivables	-	-	457.24	457.24	-	-	-	-
Cash and cash equivalents	-	-	978.92	978.92	-	-	-	-
Bank balances other than cash and cash equivalents	-	-	8.06	8.06	-	-	-	-
Security deposits - current	-	-	32.41	32.41	-	-	-	-
Loan given to Related Party	-	-	45.24	45.24	-	-	-	-
Interest accrued on fixed deposits	-	-	0.11	0.11	-	-	-	-
Export incentive Receivable	-	-	50.44	50.44	-	-	-	-
Unbilled Revenue	-	-	25.28	25.28	-	-	-	-
Other Receivables	-	-	0.80	0.80	-	-	-	-
Total	**-**	**-**	**1,607.29**	**1,607.29**	**-**	**8.82**	**-**	**8.82**
Financial Liabilities:								
Trade payables	-	-	80.98	80.98	-	-	-	-
Other current financial liabilities	-	-	328.39	328.39	-	-	-	-
Total	**-**	**-**	**409.37**	**409.37**	**-**	**-**	**-**	**-**

Rs. In Millions

As at March 31, 2018	Carrying Amount				Fair Value			
	Fair value through profit or loss	Fair Value through OCI	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial Assets:								
Security deposits - non current	-	-	8.67	8.67	-	8.65	-	8.65
Bank deposits	-	-	0.38	0.38	-	-	-	-
Trade receivables	-	-	681.36	681.36	-	-	-	-
Cash and cash equivalents	-	-	595.21	595.21	-	-	-	-

Notes to the Consolidated Financial Statements for the year ended March 31, 2019

Note 29 : Financial Instruments- Fair Values and Risk Management (Contd.)

Rs. In Millions

As at March 31, 2018	Carrying Amount				Fair Value			
	Fair value through profit or loss	Fair Value through OCI	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Bank balances other than cash and cash equivalents	-	-	254.80	254.80	-	-	-	-
Security deposits - current	-	-	17.25	17.25	-	17.34	-	17.34
Interest accrued on fixed deposits	-	-	3.99	3.99	-	-	-	-
Export Incentive Recivable	-	-	16.00	16.00	-	-	-	-
Unbilled Revenue	-	-	20.54	20.54	-	-	-	-
Total	**-**	**-**	**1,598.20**	**1,598.20**	**-**	**25.99**	**-**	**25.99**
Financial Liabilities:								
Trade payables	-	-	77.91	77.91	-	-	-	-
Other current financial liabilities	-	-	340.89	340.89	-	-	-	-
Total	**-**	**-**	**418.80**	**418.80**	**-**	**-**	**-**	**-**

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There have been no transfers among Level 1, Level 2 and Level 3 during the current year and previous year.

(b) Measurement of Fair Value

The Group uses Discounted Cash Flow valuation technique (in relation to Fair Value of asset measured at amortised cost) which involves determination of present value of expected receipt/ payment discounted using appropriate discounting rates. The fair value so determined are classified as Level 2.

(c) Financial Risk Management

The Group is exposed primarily to fluctuations in foreign currency exchange rates, credit and liquidity, which may impact the fair value of its financial instruments. The Group assesses the unpredictability of the financial environment and seeks to mitigate potential adverse effects on the financial performance of the Group.

Notes to the Consolidated Financial Statements for the year ended March 31, 2019

Note 29 : Financial Instruments- Fair Values and Risk Management (Contd.)

(i) Credit Risk

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk of existing customer is controlled by continuous monitoring of the collections trend of each customer on a periodical basis. With respect to a new customer, the Company uses an external/ internal sources to assess the potential customer's credit quality.

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, loans, cash and cash equivalents, other balances with banks and other financial assets. None of the financial instruments of the Group result in material concentration of credit risk.

Credit risk on cash and cash equivalents is limited as the Group generally invest in Fixed deposits with banks with high credit ratings.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk is Rs. 1,607.29 Million, (Previous year : 1,598.20 Million) being the total of the carrying amount of trade receivables, cash and cash equivalents, other balances with banks, loans and other financial assets.

Trade Receivables

Ind AS requires expected credit losses to be measured through a loss allowance. The Group assesses at each balance sheet date whether a financial asset or a group of financial assets is impaired. The Group recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 months expected credit losses or at an amount equal to the life time expected credit losses, if the credit risk on the financial asset has increased significantly since initial recognition.

The Group has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated. Before accepting any new customer, the Group uses an external/internal sources to assess the potential customer's credit quality. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix.

The following table gives the details in respect of the amount and percentage of trade receivables from a major customer:

Rs. In Millions

Particulars	As at March 31, 2019	As at March 31, 2018
Trade Receivables from a major customer	52.09	232.92
Percentage of Trade Receivables from a major customer	11%	34%

Notes to the Consolidated Financial Statements for the year ended March 31, 2019

Note 29 : Financial Instruments- Fair Values and Risk Management (Contd.)

The movement in the expected credit loss allowance **Rs. In Millions**

Particulars	**For the year ended March 31, 2019**	**For the year ended March 31, 2018**
Balance at beginning of the year	1.34	4.16
Impariment loss credited/(reversed)	(1.00)	0.67
Amounts written off	-	(3.49)
Balance at end of the year	**0.34**	**1.34**

(ii) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Group exposure to market risk is primarily on account of foreign currency exchange rate risk.

a) Foreign Currency exchange rate risk

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit or loss, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the respective entities. Considering the countries and economic environment in which the Group operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in USD, Euro and GBP against the functional currency of the Group. The Group evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks.

b) Exposure in Foreign Currency (FCY) - Unhedged

Particulars	**FCY**	**As at March 31, 2019**		**As at March 31, 2018**	
		Amount in FCY (in Millions)	**Amount in Rs. (in Millions)**	**Amount in FCY (in Millions)**	**Amount in Rs. (in Millions)**
Trade Receivables	GBP	1.24	112.43	1.71	157.97
Trade Receivables	USD	1.78	123.14	1.78	116.04
Trade Receivables	EUR	1.94	150.68	3.87	312.08
Cash and Cash Equivalents	GBP	2.82	255.52	2.37	219.17
Cash and Cash Equivalents	USD	1.18	81.45	3.15	204.61
Cash and Cash Equivalents	EUR	5.68	452.27	1.06	84.92
Loans	GBP	0.50	45.24	-	-
Other Current Financial Assets	USD	1.01	69.55	0.50	33.56
Trade Payables	GBP	0.01	0.54	0.40	36.49
Trade Payables	USD	0.11	7.44	0.22	14.28
Trade Payables	EUR	0.03	2.24	0.12	9.63
Other Current Financial Liabilities	GBP	0.41	37.72	0.49	45.21
Other Current Financial Liabilities	USD	0.37	5.51	0.50	32.39
Other Current Financial Liabilities	EUR	0.49	37.95	0.35	28.22

Notes to the Consolidated Financial Statements for the year ended March 31, 2019

Note 29 : Financial Instruments- Fair Values and Risk Management (Contd.)

Sensitivity Analysis

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

Rs. In Millions

Particulars	Impact on profit after tax	
	As at March 31, 2019	As at March 31, 2018
GBP Sensitivity		
INR/GBP - Increased by *	18.75	14.77
INR/GBP - decreased by *	(18.75)	(14.77)
USD Sensitivity		
INR/USD - Increased by *	13.06	15.38
INR/USD - decreased by *	(13.06)	(15.38)
EUR Sensitivity		
INR/EUR - Increased by *	28.14	17.96
INR/EUR - decreased by *	(28.14)	(17.96)

* Holding all other variables constant

c) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group exposure to the risk of changes in market interest rates relates to investments in shrot - term fixed deposits, which do not expose it to significant interest rate risk.

(iii) Liquidity Risk

Liquidity risk refers to the risk that the Group cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Notes to the Consolidated Financial Statements for the year ended March 31, 2019

Note 29 : Financial Instruments- Fair Values and Risk Management (Contd.)

The following are the remaining contractual maturities of financial liabilities at the reporting date:

Rs. In Millions

As at March 31, 2019	Carrying amount	Contractual cash flows				
		Total	Within 12 months	1-2 years	2-5 years	More than 5 years
Financial Liabilities						
Current						
Trade Payables	80.98	80.98	80.98	-	-	-
Other Current Financial Liabilities	328.39	328.39	328.39	-	-	-

Rs. In Millions

As at March 31, 2018	Carrying amount	Contractual cash flows				
		Total	Within 12 months	1-2 years	2-5 years	More than 5 years
Financial Liabilities						
Current						
Trade Payables	77.91	77.91	77.91	-	-	-
Other Current Financial Liabilities	340.89	340.89	340.89	-	-	-

Note 30 : Capital Management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders. The Group is not subject to any externally imposed capital requirements.

Note 31 : Employee Stock Option Plan

a) The Group provides share based payment schemes to its employees. During the year ended March 31, 2019, 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 1,005,100 options under this scheme. According to the Scheme 2011, the employees selected by the Remuneration Committee from time to time will be entitled to options, subject to satisfaction of the prescribed vesting conditions, viz., continuing employment of 3 years. The contractual life (comprising vesting period and exercise period) of options granted is 8 years. The other relevant terms of the grant are as below:

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

Notes to the Consolidated Financial Statements for the year ended March 31, 2019

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

Rs. In Millions

Particulars	March 31, 2019		March 31, 2018	
	No. of options	Weighted Average Exercise price (WAEP)	No. of options	Weighted Average Exercise price (WAEP)
Outstanding at the beginning of the year	3,000	114.70	33,500	114.70
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	3,000	114.70	30,500	114.70
Outstanding at the end of the year	-	-	3,000	114.70
Exercisable at the end of the year	-	-	3,000	114.70

The weighted average remaining contractual life for the stock options outstanding as at March 31, 2019 is Nil (Previous Year: 2.57 Years). The range of exercise price for options outstanding at the end of the year is Nil (Previous Year: Rs.114.70)

The weighted average fair value of stock options granted during the year - No Options have been granted during the year or during the Previous Year.

Total expenses arising from share based payment transaction recognised in the statement of profit or loss as part of employee benefit expense is Nil for the year ended March 31, 2019 (Previous Year : Nil)

b) The Holding Company, Expleo Technology Germany AG (formerly known as SQS Software Quality Systems AG), Germany had granted 20,000 stock options to senior employees of the Group in March, 2016. These options would vest over a period of four years from the date of the grant i.e March 18, 2016 and would be exercised within five years from the end of the vesting period i.e. May 31, 2025. The Holding Company did not charge any cost for this benefit.

During the previous year the shares of Expleo Technology Germany AG (formerly known as SQS Software Quality Systems AG), Germany, got acquired by Assystems services Deutschland GmbH including the stock options. This resulted in vesting of aforementioned options on an accelerated basis and the stock options were exercised and settled in the previous year. There were no outstanding options at the end of the previous year and hence no contractual life of options outstanding at the end of March 31, 2018 and March 31, 2019. The opening balance of stock options as at April 01, 2017 and the options exercised during the previous year were 20,000 stock options. The weighted average price at the beginning of the previous year was Rs. 418.27 and the exercised price was Rs. 744.98.

Fair Value of options granted

The fair value of the option at the grant date of Rs. 65.14 (GBP 0.685) as been determined as the difference between the weighted average of the share price at the date of grant as reduced by the exercise price.

The Exercise price of the stock option at the date of grant by Expleo Technology Germany AG (formerly known as SQS Software Quality Systems AG), Germany was determined as follows:

The Option Price was based on the average (mean) of the closing prices for Depositary Interests of the Company (ISIN DE 005493514) on the AIM segment of the London Stock Exchange (hereinafter

Notes to the Consolidated Financial Statements for the year ended March 31, 2019

the "AIM Trading") determined in British Pound ("GBP") on the last 20 trading days preceding the day of the offer to subscribe ("Reference Price"), minus a deduction of 15% from the Reference Price.

These stock options have been accounted for as an equity settled share based payment transaction in the Consolidated financial statements of the Group in accordance with Ind AS 102 'Share Based Payments'.

Note 32 : Asset pledged as security

The Group has a cash credit facility with bank is secured by hypothecation of book debts of the Group both present and future. There is no outstanding amount due on this account as at the end of the year and the previous year.

Rs. In Millions

Particulars	As at March 31, 2019	As at March 31, 2018
Current		
Financial Assets		
First Charge		
Current Assets - Trade Receivables	254.94	449.34
Total assets pledged as security	**254.94**	**449.34**

Note 33 : Operating lease: Group as a lessee

The Group has entered into commercial leases on certain buildings. These leases have an average life of between three and five years .

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

Rs. In Millions

Particulars	As at March 31, 2019	As at March 31, 2018
Not later than 1 year	28.10	25.88
Later than 1 year and not later than 5 years	47.42	23.62
Later than 5 years	-	-
Total	**75.52**	**49.50**
Lease payments recognized in the Statement of Profit and Loss	28.01	26.78

Note 34 : Contingent Liabilities and Commitments

Rs. In Millions

Particulars	As at March 31, 2019	As at March 31, 2018
a) Contingent Liabilities		
(i) Claims against the Company not acknowledged as debt :		
Service Tax related matters	785.18	-
Income Tax related matters	104.19	51.17
(ii) Gurantees		
Counter Gurantees issued to bank	5.04	5.85
b) Commitments		
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advance)	0.46	0.18

Notes to the Consolidated Financial Statements for the year ended March 31, 2019

The Service Tax Authorities had made a demand for Rs. 329.14 million along with interest and penalty for an equivalent amount, towards tax leviable for certain services rendered by the Group for the period April, 2011 to March, 2016. The Service Tax Authorities had also made a demand for Rs. 126.90 million along with interest and penalty of Rs. 1.2 Million towards tax leviable for certain services rendered by the Group for the period April, 2016 to June, 2017. The Group has filed an appeal before the Central Excise and Service Tax Appellate Tribunal (CESTAT) for both the demands and the Management expects its position to be upheld by the Authorities in respect of both the demands.

Contingent liabilities include demand from the Income tax authorities for payment of additional tax of Rs. 114.89 million for the fiscal years 2008-09, 2009-10, 2011-12, 2012-13, 2013-14, 2014-15 and 2015-16. The tax demand is mainly on account of disallowance of a portion of the deduction claimed by the Company under Section 10A / 10AA of the Income Tax Act and also other expenses disallowed. The Group has filed appeals before CIT (Appeals), ITAT and Madras High Court. The Group has also paid an amount of Rs. 27.00 million (after adjusting the refund of Rs. 6.22 million related to earlier years), towards the outstanding demand (under protest). The Management believes that its position in respect of all the years will be upheld by the Authorities.

Note 35 : Foreign Exchange Difference

The amount of exchange loss included in the Statement of Profit & Loss is Rs. 22.65 Million (Previous Year: Gain of Rs. 60.43 Million).

Note 36 : Segment Information

The Company's Board of Directors along with its Chief Operating Decision Maker (CODM), examines the Group's performance and has identified a single reportable segment, namely as "Software Validation and Verifications Services" related to banking, financial services and insurance industry. The Board of directors primarily uses a measure of adjusted Earnings Before Interest and Tax (EBIT) and profit before tax to assess the performance of the operations.

The geographic information analyses the Group's revenue and Non-Current Assets by the Holding Company's country of domicile and other countries. The Holding Company is domiciled in India. In presenting the geographical information, revenue in the disclosure below is based on the geographic location where the service is rendered. Non-Current Assets other than financial instruments and deferred tax assets in the disclosure below are based on the geographic location of the Non-Current Assets.

The amount of the revenue from the external customer broken down by location of the customer and Non-Current Assets are shown in the tables below:

Rs. In Millions

Particulars	**As at March 31, 2019**	**As at March 31, 2018**
Sales revenue by geographical market		
Within India	240.02	224.80
Outside India	2,587.71	2,487.53
Total	**2,827.73**	**2,712.33**

Notes to the Consolidated Financial Statements for the year ended March 31, 2019

Rs. In Millions

Particulars	As at March 31, 2019	As at March 31, 2018
Non-Current Assets other than financial instruments and deferred tax assets by geographical market		
Within India	220.57	248.40
Outside India	5.89	4.55
Total	**226.46**	**252.95**

Rs. In Millions

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Revenue from major customers		
Customers individually contributing more than 10% of total revenue	569.76	858.29
Other Customers	2,257.97	1,854.04
Total	**2,827.73**	**2,712.33**

Note 37 : Additional Information, as required under Schedule III to the Companies Act, 2013, of Enterprises consolidated as subsidiaries

Name of the entity	Net Assets i.e. total assets minus liabilities		Share in profit or loss		Share in Other Comprehensive Income (OCI)		Share in Total Comprehensive Income (TCI)	
	As % of consolidated net assets	Amount (Rs. In Millions)	As % of consolidated profit or loss	Amount (Rs. In Millions)	As % of consolidated OCI	Amount (Rs. In Millions)	As % of TCI	Amount (Rs. In Millions)
As at March 31, 2019								
Parent	**82%**	**1,140.57**	**87%**	**313.90**	**87%**	**(1.55)**	**87%**	**312.35**
Subsidiaries								
Foreign								
1) Expleo Solutions Pte. Ltd. (formerly SQS BFSI Pte. Ltd.,) Singapore	6%	76.69	4%	14.88	4%	-	4%	14.88
2) SQS BFSI Inc, USA	2%	28.09	4%	15.47	4%	-	4%	15.47
3) Expleo Solutions UK Limited (formerly SQS BFSI UK Ltd.,) UK	11%	156.82	3%	9.54	3%	-	3%	9.54
4) SQS BFSI FZE., UAE	-1%	(13.72)	2%	8.23	2%	-	2%	8.23
Sub-total	**18%**	**247.88**	**13%**	**48.12**	**13%**	**-**	**13%**	**48.12**
Non-controlling interests in all Subsidiaries	-	-	-	-	-	-	-	-
Grand total	**100%**	**1,388.45**	**100%**	**362.02**	**100%**	**(1.55)**	**100%**	**360.47**

Notes to the Consolidated Financial Statements for the year ended March 31, 2019

Name of the entity	Net Assets i.e. total assets minus liabilities		Share in profit or loss		Share in Other Comprehensive Income (OCI)		Share in Total Comprehensive Income (TCI)	
	As % of consolidated net assets	Amount (Rs. In Millions)	As % of consolidated profit or loss	Amount (Rs. In Millions)	As % of consolidated OCI	Amount (Rs. In Millions)	As % of TCI	Amount (Rs. In Millions)
As at March 31, 2018								
Parent	**73%**	**937.46**	**85%**	**271.84**	**100%**	**(0.77)**	**85%**	**271.07**
Subsidiaries								
Foreign								
1) Expleo Solutions Pte. Ltd. (formerly SQS BFSI Pte. Ltd.,) Singapore	4%	45.79	4%	13.01	-	-	4%	13.01
2) SQS BFSI Inc, USA	10%	128.99	3%	10.50	-	-	3%	10.50
3) Thinksoft Global Services (Europe) GmbH, Germany	-	0.49	-	(0.56)	-	-	-	(0.56)
4) Expleo Solutions UK Limited (formerly SQS BFSI UK Ltd.,) UK	14%	174.99	7%	22.44	-	-	7%	22.44
5) SQS BFSI FZE., UAE	-	(1.77)	1%	2.52	-	-	1%	2.52
Sub total	**27%**	**348.49**	**15%**	**47.91**	-	-	**15%**	**47.91**
Non-controlling interests in all Subsidiaries	-	-	-	-	-	-	-	-
Grand total	**100%**	**1,285.95**	**100%**	**319.75**	**100%**	**(0.77)**	**100%**	**318.98**

Note 38: Disclosures as required under Ind AS 24 'Related Party Disclosures'

a) Related Parties and their relationships

i) Ultimate Holding Entities:

Assystem SA, France

Ardian LBO Fund VI B

ii) Holding Company:

Expleo Technology Germany AG (formerly known as SQS Software Quality Systems AG), Germany

iii) Key Management Personnel (KMP):

Aarti Arvind - Managing Director & CEO (Upto August 31, 2018)

N Vaidyanathan - Executive Director (Superannuation on September 05,2017)

Balaji Viswanathan - Managing Director & CEO (w.e.f. September 01, 2018)

K. Ramaseshan - Executive Director (Upto July 17, 2018) and Chief Financial Officer - (CFO) (Upto September 21, 2018)

David Bellin - Chairman & Non-Executive Director (upto May 4, 2018)

Prof. K. Kumar - Deputy Chairman & Independent Director

Notes to the Consolidated Financial Statements for the year ended March 31, 2019

Prof. S. Rajagopalan - Independent Director

Lilian Jessie Paul- Independent Director

Rajiv Kuchhal- Independent Director

Ulrich Bäumer- Independent Director

René Gawron -Chairman and Non-Executive Director (Chairman - w.e.f. January 31, 2019)

Ralph Franz Gillessen - Non-Executive Director (w.e.f. August 9, 2018)

Diederik Vos- Chairman & Non-Executive Director (Chairman w.e.f May 04, 2018 upto January 2, 2019) (Non-Excutive Director w.e.f. October 26, 2017 upto January 02, 2019)

Oliver Aldirin- Non-Executive Director (w.e.f January 31, 2019)

Desikan Narayanan - Chief Financial Officer (CFO) (w.e.f. September 24, 2018)

iv) Fellow Subsidiaries

Expleo India Infosystems Private Limited (formerly known as SQS India Infosystems Private Limited)

Expleo Technologies India Private Limited (formerly known as Assystem Technologies India Private Limited)

SQS Software Quality Systems Egypt S.A.E

SQS Software Quality Systems Ges.mbH, Austria

Expleo Technology UK Limited (formerly known as SQS Group Limited)

Expleo Technology Ireland Limited (formerly known as SQS software Quality Systems (Ireland) Limited)

SQS Software Quality Systems (Schweiz) AG, Zurich

SQS USA Inc.

SQS Nederland

Expleo South Africa (PTY) Limited (formerly known as SQS Group Limited, South Africa)

SQS Group Ltd, Belfast, Ireland

SQS North America LLC

v) Post employment benefit plan

SQS India BFSI Limited Group Gratuity Scheme Trust

Note 38: Disclosures as requried under Ind AS 24 'Related party Disclosures' (Contd.)

b) Transactions with Related Parties

Rs. In Millions

Particulars	Nature of Relationship	Name of the Related Party	For the year ended March 31, 2019	For the year ended March 31, 2018
Income				
Income from Services rendered				
	Holding Company	Expleo Technology Germany AG (formerly known as SQS Software Quality Systems AG), Germany	24.52	65.59
	Fellow Subsidiary	SQS Software Quality Systems (Schweiz) AG, Zurich	-	9.79

Notes to the Consolidated Financial Statements for the year ended March 31, 2019

Rs. In Millions

Particulars	Nature of Relationship	Name of the Related Party	For the year ended March 31, 2019	For the year ended March 31, 2018
	Fellow Subsidiary	SQS Software Quality Systems Ges. mbH, Austria	151.13	115.23
	Fellow Subsidiary	SQS USA Inc.	14.83	38.43
	Fellow Subsidiary	Expleo Technology UK Limited (formerly known as SQS Group Limited)	156.63	138.70
	Fellow Subsidiary	Expleo Technology Ireland Limited (formerly known as SQS software Quality Systems (Ireland) Limited)	120.24	75.62
	Fellow Subsidiary	Expleo India Infosystems Private Limited (formerly known as SQS India Infosystems Private Limited)	4.05	0.95
	Fellow Subsidiary	SQS North America LLC	23.08	3.85
	Fellow Subsidiary	SQS Nederland	0.03	-
	Fellow Subsidiary	Expleo South Africa (PTY) Limited (formerly known as SQS Group Limited South Africa)	14.63	37.95
	Fellow Subsidiary	SQS Group Ltd, Belfast, Ireland	-	4.41
Interest on loan given	Fellow Subsidiary	Expleo Technology UK Limited (formerly known as SQS Group Limited)	0.84	-
<u>Expenses</u>				
Managerial remuneration				
	KMP	Aarti Arvind *	6.91	23.23
	KMP	Balaji Viswanathan	9.94	-
	KMP	K. Ramaseshan	7.66	11.75
	KMP	Desikan Narayanan	3.99	-
	KMP	N Vaidyanathan	-	7.26
Director's Sitting Fees and Commission	KMP	Prof.K. Kumar	1.39	1.04
	KMP	Prof. S. Rajagopalan	1.41	1.06
	KMP	Rajiv Kuchhal	1.25	0.94
	KMP	David Bellin	0.04	1.25
	KMP	Ulrich Bäumer	1.01	0.66
	KMP	Lilian Jessie Paul	1.19	0.82
Expenses for services rendered				
	Holding Company	Expleo Technology Germany AG (formerly known as SQS Software Quality Systems AG), Germany	4.92	13.18
	Fellow Subsidiary	SQS USA Inc.	6.37	19.58
	Fellow Subsidiary	Expleo Technology UK Limited (formerly known as SQS Group Limited)	36.51	40.98

Notes to the Consolidated Financial Statements for the year ended March 31, 2019

Rs. In Millions

Particulars	Nature of Relationship	Name of the Related Party	For the year ended March 31, 2019	For the year ended March 31, 2018
	Fellow Subsidiary	Expleo India Infosystems Private Limited (formerly known as SQS India Infosystems Private Limited)	12.69	11.09
	Fellow Subsidiary	SQS Software Quality Systems Ges. mbH, Austria	-	3.59
	Fellow Subsidiary	SQS North America LLC	0.41	3.20
	Fellow Subsidiary	SQS Software Quality Systems Egypt S.A.E	0.78	-
	Fellow Subsidiary	SQS Nederland	11.97	8.63

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

Rs. In Millions

Particulars	Nature of Relationship	Name of the Related Party	For the year ended March 31, 2019	For the year ended March 31, 2018
<u>**Other Transactions**</u>				
Loan Given	Fellow Subsidiary	Expleo Technology UK Limited (formerly known as SQS Group Limited)	45.24	-
Contribution paid to the Group Gratuity Scheme	Post employment benefit plan	SQS India BFSI Limited Group Gratuity Scheme Trust	15.00	14.36
Final dividend paid	Holding Company	Expleo Technology Germany AG (formerly known as SQS Software Quality Systems AG), Germany	115.18	115.08
Interim dividend	Holding Company	Expleo Technology Germany AG (formerly known as SQS Software Quality Systems AG), Germany	-	23.02
Cost Reimbursement Received				
	Fellow Subsidiary	Expleo Technology UK Limited (formerly known as SQS Group Limited)	3.20	4.12
	Fellow Subsidiary	Expleo India Infosystems Private Limited (formerly known as SQS India Infosystems Private Limited)	0.40	0.45
	Fellow Subsidiary	SQS Software Quality Systems Ges. mbH, Austria	11.45	10.14
	Holding Company	Expleo Technology Germany AG (formerly known as SQS Software Quality Systems AG), Germany	2.08	15.24
	Fellow Subsidiary	Expleo Technology Ireland Limited (formerly known as SQS software Quality Systems (Ireland) Limited)	1.04	0.05
	Fellow Subsidiary	SQS Nederland	0.11	-

Notes to the Consolidated Financial Statements for the year ended March 31, 2019

Rs. In Millions

Particulars	Nature of Relationship	Name of the Related Party	For the year ended March 31, 2019	For the year ended March 31, 2018
	Fellow Subsidiary	Expleo South Africa (PTY) Limited (formerly known as SQS Group Limited, South Africa)	1.43	4.47
	Fellow Subsidiary	SQS Group Ltd, Belfast, Ireland	1.30	-
Cost Reimbursement Paid				
	Fellow Subsidiary	Expleo India Infosystems Private Limited (formerly known as SQS India Infosystems Private Limited)	5.68	5.60
	Fellow Subsidiary	SQS USA Inc.	1.47	6.79
	Fellow Subsidiary	SQS Software Quality Systems Egypt S.A.E	1.04	-
	Fellow Subsidiary	Expleo Technology UK Limited (formerly known as SQS Group Limited)	2.65	1.77
	Fellow Subsidiary	Expleo Technologies India Private Limited (formerly known as Assystem Technologies India Private Limited)	0.86	-
Outstanding Balances				
Amounts Receivable from	Fellow Subsidiary	Expleo Technology UK Limited (formerly known as SQS Group Limited)	42.53	53.90
	Fellow Subsidiary	Expleo Technology Ireland Limited (formerly known as SQS software Quality Systems (Ireland) Limited)	12.00	7.02
	Fellow Subsidiary	SQS Software Quality Systems Ges. mbH, Austria	41.58	14.87
	Fellow Subsidiary	Expleo India Infosystems Private Limited (formerly known as SQS India Infosystems Private Limited)	0.95	0.38
	Holding Company	Expleo Technology Germany AG (formerly known as SQS Software Quality Systems AG), Germany	0.84	21.24
	Fellow Subsidiary	Expleo South Africa (PTY) Limited (formerly known as SQS Group Limited, South Africa)	0.30	10.16
	Fellow Subsidiary	SQS USA Inc.	4.15	6.42
	Fellow Subsidiary	SQS North America LLC	8.76	3.86

Notes to the Consolidated Financial Statements for the year ended March 31, 2019

Rs. In Millions

Particulars	Nature of Relationship	Name of the Related Party	For the year ended March 31, 2019	For the year ended March 31, 2018
Amounts Payable to				
	Holding Company	Expleo Technology Germany AG (formerly known as SQS Software Quality Systems AG), Germany	4.93	9.66
	Fellow Subsidiary	Expleo Technology UK Limited (formerly known as SQS Group Limited)	41.11	19.64
	Fellow Subsidiary	SQS USA Inc.	-**	5.24
	Fellow Subsidiary	Expleo India Infosystems Private Limited (formerly known as SQS India Infosystems Private Limited)	5.96	7.18
	Fellow Subsidiary	SQS Software Quality Systems Ges. mbH, Austria	-	3.63
	Fellow Subsidiary	SQS Nederland	1.34	4.65
	Fellow Subsidiary	SQS North America LLC	0.08	0.45
	Fellow Subsidiary	Expleo Technologies India Private Limited (formerly known as Assystem Technologies India Private Limited)	0.80	-
	Post employment benefit plan	Sqs India BFSI Limited Group Gratuity Scheme Trust	1.40	2.71
Provision for expenses	KMP	Aarti Arvind	-	4.66
	KMP	K. Ramaseshan	-	2.18
	KMP	Balaji Viswanathan	2.76	-
	KMP	Desikan Narayanan	1.07	-
	KMP	Prof.K. Kumar	0.91	0.60
	KMP	Prof. S. Rajagopalan	0.91	0.60
	KMP	Rajiv Kuchhal	0.91	0.60
	KMP	David Bellin	-	1.05
	KMP	Ulrich Bäumer	0.91	0.60
	KMP	Lilian Jessie Paul	0.91	0.60
Outstanding Balances of Loan given	Fellow Subsidiary	Expleo Technology UK Limited (formerly known as SQS Group Limited)	45.24	-
Interest Receivable on loan	Fellow Subsidiary	Expleo Technology UK Limited (formerly known as SQS Group Limited)	0.82	-

** Denotes an amount less than Rs.5,000/-

Notes to the Consolidated Financial Statements for the year ended March 31, 2019

c) Details relating to Compensation paid to Key Managerial Personnel

Rs. In Millions

Particulars	Nature of Relationship	Details	For the year ended March 31, 2019	For the year ended March 31, 2018
Employee benefits expense	KMP	Short-term Benefits	28.44	42.24
		Post-employment benefits***	-	-
		Share based payments	-	0.98
		Total	**28.44**	**43.22**

*** Remuneration to Key Managerial Personnel does not include charge for gratuity and compensated absences, as employee-wise breakup is not available.

Note 39: Disclosures relating to Ind AS 115 'Revenue from Contracts with Customers'

a) Disaggregation of Revenue

The table below presents disaggregated revenues from contracts with customers for the years ended March 31, 2019 and March 31, 2018 by contract type. The Group believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by economic factors.

Revenue based on contract type:

Rs. In Millions

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Fixed Bid	1,145.49	901.81
Time & Material	1,682.24	1,810.52
Total	**2,827.73**	**2,712.33**

The Group derives its revenue across two categories of contracts - Fixed-Bid contracts and Time & Material (T&M) contracts. The Group has identified a single reportable segment namely 'Software Validation and Verification Services' as disclosed in Note 36 to the Consolidated Financial Statements. The Group has disclosed revenue generated by geographical market which is provided only as per the specific requirement of Ind AS 108 'Operating Segments' for a single reportable segment. However, the Group does not assess revenue based on geography and hence there is no disaggregation of revenue disclosed based on geography.

b) The contract liabilities (unearned revenue) primarily relate to the advance consideration received from customers for which revenue is recognised over time. An amount of Rs.17.65 million recognised in contract liabilities as at April 1, 2018 has been recognised as revenue for the year ended March 31, 2019.

c) There is no revenue recognised in the reporting period for performance obligations satisfied in previous periods.

Notes to the Consolidated Financial Statements for the year ended March 31, 2019

d) Transaction price allocated to the remaining performance obligations

The aggregate value of transaction price allocated to unsatisfied (or partially satisfied) performance obligations is Rs. 102.41 million which is expected to be recognised as revenue in the next year. Remaining performance obligation estimates are subject to change and are affected by several factors, including adjustments for currency.

Performance obligations and remaining performance obligations

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Group expects to recognize these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Group has not disclosed the remaining performance obligation related disclosures for contracts where the revenue recognized corresponds directly with the value to the customer of the entity's performance completed to date, typically those contracts where invoicing is on time and material basis and in the case of fixed bid contracts with an original expected project duration of less than one year.

Rs. In Millions

Particulars	For the year ended March 31, 2019
Revenue from contracts with customers (As per the Statement of Profit & Loss)	2,827.73
Add: Discounts	15.55
Revenue as per contracted price with the customers	**2,843.28**

Note 40: Details of Subsidiaries

Name of the entity	Country of Incorporation	Ownership interest held by the group		Ownership interest held by Non-Controlling Interests	
		As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Expleo Solutions Pte. Ltd. (formerly SQS BFSI Pte. Ltd.) Singapore	Singapore	100%	100%	-	-
SQS BFSI Inc., USA	United States of America	100%	100%	-	-
Expleo Solutions UK Limited, (formerly SQS BFSI UK Ltd.) UK	United Kingdom	100%	100%	-	-
SQS BFSI FZE, UAE	United Arab Emirates	100%	100%	-	-

Notes to the Consolidated Financial Statements for the year ended March 31, 2019

Note 41: Previous Year Figures

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

Signatures to the Notes to the Consolidated Financial Statements

For and on behalf of the Board

RENÉ GAWRON	**BALAJI VISWANATHAN**	**DESIKAN NARAYANAN**	**S. SAMPATH KUMAR**
Chairman & Director	**Managing Director & CEO**	**Chief Financial Officer**	**Company Secretary & Compliance Officer**
DIN : 06744645	**DIN : 06771242**		**ICSI Membership No. F3838**

Place : Chennai
Date: May 06, 2019

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Team Expleo Solutions at Inspire @ Chennai 2019

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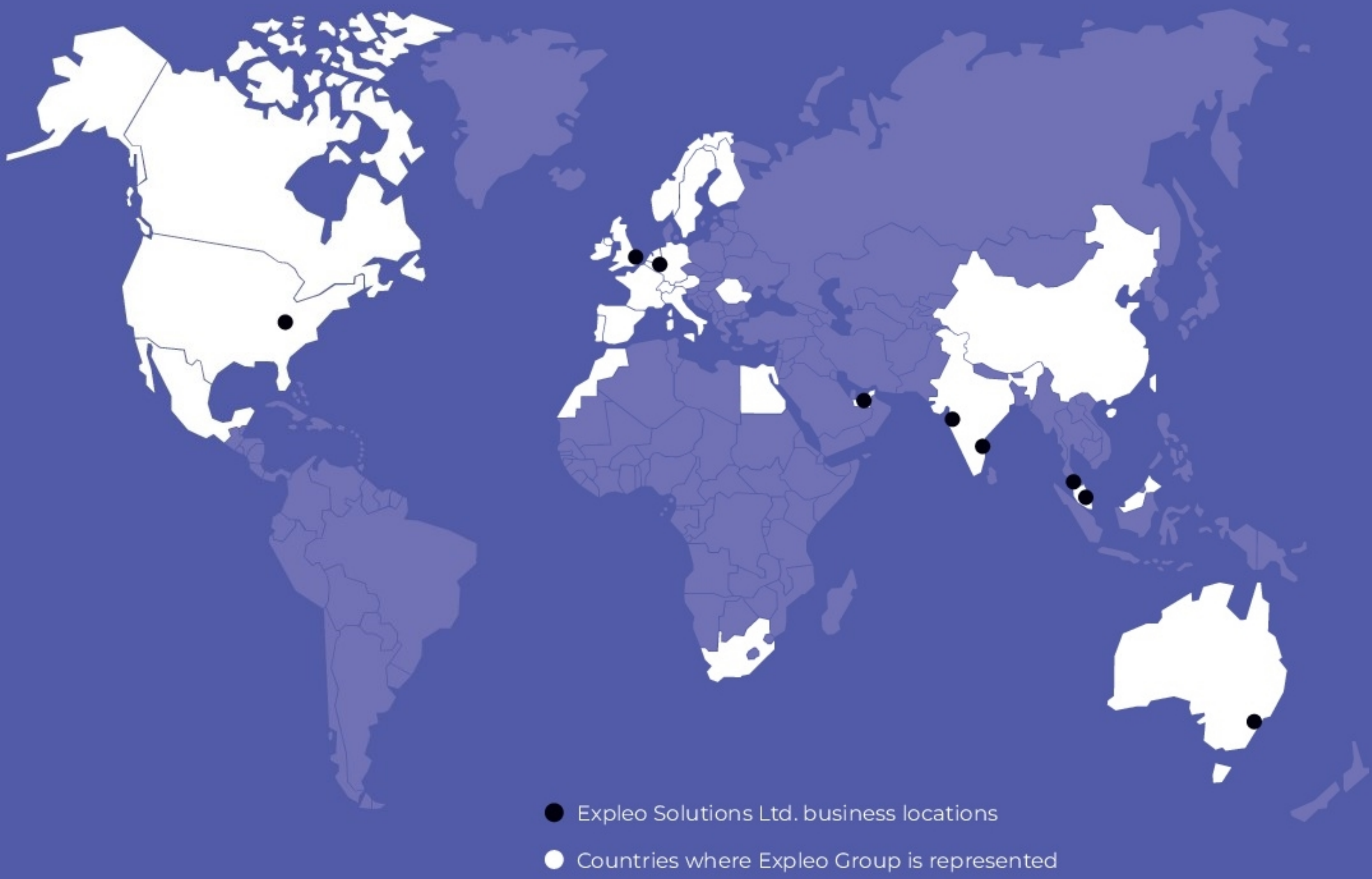

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