



**“SQS India BFSI Limited FY-2016-17
Q1 Earnings Conference Call”**

July 29, 2016



MANAGEMENT: **Ms. AARTI ARVIND – MANAGING DIRECTOR AND CHIEF
EXECUTIVE OFFICER, SQS INDIA BFSI LIMITED
MR. RENE GAWRON – DIRECTOR, SQS INDIA BFSI
LIMITED AND CHIEF FINANCIAL OFFICER, SQS GROUP
MR. N. VAIDYANATHAN – EXECUTIVE DIRECTOR AND
CHIEF FINANCIAL OFFICER, SQS INDIA BFSI LIMITED**

MODERATOR: **MR. DIWAKAR PINGLE – CHRISTENSEN**



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Moderator: Ladies and gentlemen, good day and welcome to SQS India BFSI Limited FY 2016-17 Q1 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now handover the conference to Mr. Diwakar Pingle from Christensen IR. Thank you and over to you, sir.

Diwakar Pingle: Welcome to all of you who joined us on this FY 2016-17 Q1 Earnings Call for SQS India BFSI Limited. We have mailed the results and the presentations and the same is also on our website. In case any of you are not in receipt of that you could write to us and we will be happy to send the same over. To take us through the results and to answer your questions, we have today with us Aarti Arvind – Managing Director and CEO at SQS India BFSI; Rene Gawron – Director of SQS India BFSI and CFO of SQS Group; N. Vaidyanathan – Executive Director and CFO, SQS India BFSI.

We will start the call with a brief overview of the quarter which will be given by Aarti and this will be followed by a deep dive into the financials which would be given by Mr. Vaidyanathan. After which, we will throw open the floor to Q&A.

I would like to remind you that everything that is said on this call and any outlook for the future which can be constituted as the forward-looking statements must be viewed in conjunction with the uncertainties and risks that we face. These risks are included and are not limited to what we have mentioned in our prospectus filed with SEBI and subsequent annual reports which you can find on our website.

With that said, I now turn over the call to Aarti Arvind – Managing Director and CEO, SQS India BFSI. Aarti, all yours.

Aarti Arvind: Good evening everyone and thank you for joining the call today. I would be providing an overview of our business performance for the quarter along with some highlights and then would request Mr. Vaidyanathan to take you through the financials for Q1.

Overall if you look at the quarter it is very similar to the previous quarter in most aspects. There are of course a few changes and differences and I would elaborate on these as well as how we have done in the quarter.

In terms of revenue year-on-year growth compared to Q1 of the previous year the growth is around 26%. So in quarter-on-quarter we grew marginally by around 1.3% in rupee terms. In dollar terms we grew by 1.9% and in terms of revenue we closed at around \$10.9 million for the



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quarter. EBITDA increased to 22% in the quarter compared to 17% in the same quarter in the last year.

If you look at region wise revenue we have strong business from UK, Europe and Middle East. Quite a bit of business continues to be onsite and the onsite revenue was at 67% which was slightly higher than the previous quarter. We expect this to change over a period since we are now focused on offshoring and as we grow in accounts acquired during the year our offshoring revenue should definitely increase as we move forward.

We are also more focused on client engagements and have increased our average revenue per client per quarter to around US\$ 190,000 compared to the previous of US\$ 167,000 or so. So this is a positive move in terms of more revenue from consolidated group of clients.

Another focus area is India market, where we are finding that Indian clients are looking at independent QA organizations to provide more support in terms of QA and financial institutions are also looking at outsourcing QA rather than using business users for performing the testing. This is true across most organizations in the public sector as well as private sector organizations and this is something which we are focused on as a market in India.

In terms of business we had repeat business which was at a healthy 81% and we continue to manage grow in existing relationships. The new business of 19% is good because it gives the potential to grow these into larger accounts over a period of time. Some of these of course will be in the project mode where you have certain ramp ups and ramp downs based on the project and milestone and schedule. But what we find is most projects even after the larger project gets over we continue in to BAU engagements which continue over a period of time or could be ongoing engagements over multiple years. So this is in terms of our repeat and newer business.

If you look at practice-wise we have been talking about insurance growing as well as cards and payments growing and both have done well and grown over the quarter. If you look at insurance we have added new clients in UK and this has grown. And if you look at cards and payments also this has grown significantly compared to the previous year as well as over the last quarter as well. And we are finding this to be spread across most regions. And cards and payments is also a significant portion of the business that could be bigger in most of the markets because of the demand.

If you look at people metrics, utilization was quite similar to the previous quarter at 67%. So this is our utilization and it is one of the important parameters that we track. Debtor days is at 70 days and collections in the quarter have been at healthy levels across the quarter.

Another important parameter is group revenue. Group revenue in last quarter is at 17% compared to the 11.5% that we had in the last financial year. And this is mainly from UK and Europe and we have added new customers in these regions. This is an important factor because it helps us



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to leverage the sales teams in different locations at a group level and this is something we have been looking at growing and constantly grown across the year as well as across the quarters.

Another development in the last quarter was we were talking about adding additional capacity of space and that project has been completed and we have inaugurated our additional capacity in our Prince Infocity on Old Mahabalipuram Road. We have expanded the capacity by around 250 seats or so. So, totally in India, we would have a larger capacity to cater to our future growth needs.

So, these are just some of the highlights for the quarter. I will request Mr. Vaidyanathan to take us through some of the financial highlights for the quarter.

N. Vaidyanathan:

Thank you, ladies and gentlemen. Thanks for joining the call. As far as the financial highlights are concerned for the quarter ended June 2016 the net revenue grew from Rs. 582 million to Rs. 731 million as compared to last year's Q1 which is a 25.5% growth. EBITDA grew from Rs. 100.5 million to Rs. 162 million which is a 61% growth while as compared to Q4 of last year EBITDA has remained in the same level. PBT has also grown from Rs. 92.4 million to Rs. 155 million a 68% growth before the foreign exchange gain or loss.

We had a Forex loss of Rs. 12 million during the current quarter as compared to Forex gain during last year similar quarter which is Rs. 38 million and even last quarter that is quarter ended March, 2016 there is a gain of about Rs. 1 million.

Bank balances has grown healthy to Rs. 903 million where as it was Rs. 571 million last year same time and end of March it was Rs. 861 million. Receivables as Aarti was pointing out is at healthy 70 days outstanding even though it is slightly marginally higher from 62 days outstanding as compared to March still at a comfortable level of 70 days.

The blended billing rate stand at \$31, almost the same as compared to the last quarter. The number of active clients have been at 57 and the total number of clients 12 months only stands at 79. The total headcount is 1,052 and delivery account has been around 980. We have a higher onsite mix by 2% grew from 65% for Q4 to 67% during the quarter ended June 2016.

Those are the financial highlights and I would now request Diwakar to take over.

Moderator:

Thank you very much. Ladies and gentlemen, we will now begin with the question and answer session.

The first question is from the line of Vimal Gohil from Union KBC Mutual Fund. Please go ahead.



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- Vimal Gohil:** Sir, I have two questions. The higher other expenses during the quarter can we attribute that to our higher onsite exposure? That is the question number one and then I have a follow up.
- N. Vaidyanathan:** Yes, the higher expenses the foreign exchange loss is classified as the other expenses which is Rs. 12 million as compared to the previous quarter. That is one of the items. And also there is a 2% increase in the onsite revenue. So, consequently the salaries have gone up.
- Vimal Gohil:** And so Aarti ma'am, will onsite exposure go down in the near term or is the shift to offshore expected in the medium to the longer term. Should we see in FY '17 itself that your onsite exposure has come down and the revenue should tilt towards offshore in this year itself?
- Aarti Arvind:** See we are expecting even in the medium term more shift to offshore at the same time new opportunities which come in could be more of onsite. So, it could be a mix up revenue that we get over the next couple of quarters.
- Vimal Gohil:** So, do you think in FY '17 the onsite offshore mix would remain at similar levels?
- Aarti Arvind:** May be not at similar levels compared to the last quarter. This could be slightly different because we are also looking at more offshoring from some of the new clients that we have acquired which should kick in within the next 9 months or so. So, I think next year we would expect more of offshore and that is what we are actively engaging with the clients with whom we have taken on as new one.
- Vimal Gohil:** And ma'am, if I can slip in two more. But how much of exposure do we have to GBP as a currency and what kind of an impact will it have in the next quarter because it has depreciated vis-à-vis may be this year?
- N. Vaidyanathan:** In terms of revenue, we have about 25% of our billing is GBP terms. Does it answer your question?
- Vimal Gohil:** Yes sir, I will calculate the impact then no problem. And sir, if you could give the contribution to other currencies as well to USD and Euro as well?
- N. Vaidyanathan:** Yes, the US Dollar is around 30% and Euro is around 31%.
- Vimal Gohil:** And lastly, if you can just give your outlook on the group revenue, the group revenues have been going pretty strong? Any scope for good positive surprise in the near to medium term going forward?
- Aarti Arvind:** I think in terms group revenue over the last 2.5 years you would have seen that it is consistently increased and we have leveraged the relationships across the group in different countries to grow and we expect that group revenue would continue to be at healthy levels. In terms of what exactly



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would be the percentage, that would vary so that it is not something we can't give a number right now. But definitely group wise we are able to leverage the relationships and the business that is happening in different countries and the local sales teams.

Moderator: Thank you. The next question is from the line of Rahul Jain from Systematix Shares. Please go ahead.

Rahul Jain: In the third quarter, we have seen a good influx of headcount and in the last six months the headcount number has been sort of a flattish. So do we have a more just in time kind of an approach or if you could in general share the hiring strategy of the company?

Aarti Arvind: In terms of hiring strategy even earlier we have mentioned that what we look at is we do have an outlook for the year at the same time for us to manage our cost and optimizing we do have a quarterly review if not monthly to see what we need for the next quarter and we plan a quarter or so in advance. Unless certain positions for example, certain skill sets we want to definitely ramp up we will go ahead with that hiring but otherwise we definitely look at it in every quarter to see what is it that we would need for the next quarter and plan accordingly.

And when we do that planning we also factor in that every quarter we will have additions, we will have attrition and based on that we decide how many we need to recruit. So based on the quarterly revenue we plan our recruitment though we would have a long term strategy but we make sure we kind of optimize and look at the short term or next quarter to decide how many to go ahead with. It is a mix of just in time for the regular skillsets whereas if you look at domain or you look at technical skills which we expect to the need to go up we will look at it more as an annual plan and go ahead based on our overall long term strategy.

So it is a mix of recruitment strategy that we use for different skill sets and different positions.

Rahul Jain: So do we have our numbers in mind because we have added this 250 seater capacity though our headcount has been sort of a flattish for six months?

Aarti Arvind: The facility we have added is more for long term growth because facility is not one that you can get done overnight, number one. And the current new capacity that we have added is in the same building as our current (+400) seater which make sense because you can optimize a lot more. So for us, it was key decision to make sure that we have the capacity to expand in the same building. So capacity building is more for the future as and when we grow it is a lot easier to grow and optimization of expenses is a lot better. And so it is more of future growth.

In terms of people it is more of a strategy of looking at the quarter and seeing how many to our adding based on that whereas if we see infrastructure capacity is more long term.



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Rahul Jain: And does this new capacity help in any tax benefits and what would be the effective tax rate if that is the case?

N. Vaidyanathan: The new expanded capacity is in the same premises as where we are that is our registered office. This means in the city it is not in any special economy zone so we have the normal tax rates are applicable to that. The advantage of having it in the same premises is that this premises is compliance with the various client's requirements. So it is easy to extend the same so that we attract and comply with the client requirements in terms of security and other areas.

Rahul Jain: And we have mentioned this FaXimme the new tool that we have developed on the automation side. Any view you could give in terms of what is the planted option of it and how does it changes in terms of the employee usage on a project or any sharing of such savings from clients to us?

Aarti Arvind: FaXimme is more of a simulator which would primarily be used by cards organizations; for example, we have globally larger organizations who are cards users. So that is something where using multiple customer presentations and to show top leadership in the area where we are able to develop simulators and other tools which will be useful to clients along with the projects. So we are looking at using it more in terms of bundling the services as well as the FaXimme as a product and delivering it to our clients rather than just looking at it as a product. And FaXimme is not for automation, it is more for simulation.

So it is more about offering something for the client which they might find useful. And one of the advantages we have used simulators in other projects so we have developed it in such a way that our understanding of what is required in a product is prudent to this so we have developed it we have tested it we have done the various tests on it to make sure that it is complaint and now started looking at using it at our client location.

Moderator: Thank you. The next question is from the line of Priyankar Sarkar from Motilal Oswal Asset Management. Please go ahead.

Priyankar Sarkar: I had a couple of questions. First is how is Trissential and Galmont shaping up at the parent level and have we been able to get any new logos with the help of Trissential and Galmont? And secondly the tax rate has gone up for this quarter. So what would be the nature of the tax rate for the whole year?

N. Vaidyanathan: I will take the second question and give the first question to Mr. Rene. As far as the tax rates are concerned it has gone up because of we have what is called the POEM tax which is applicable for all the Indian entities with effect from this financial year and it stands for Place of Effective Management. We have subsidiaries across the globe and we need to file tax returns in India as per the new finance bill. So there is an impact on account of that and that has got add on to that. The average tax rate for the current financial year would be at the same levels as of Q1.



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Rene Gawron:

Yes, I am happy to. This is Rene on Trissential and Galmont. Say in terms of pipeline we have really made good progress both from an integration as well as from a sales point of view. There is a very strong pipeline also for BFSI type of deals though we already have closed two deals which are outside of the BFSI space. There has been a good cross selling happening and with effective program project management managed centrally to do more testing work, we are confident that over the next 6 to 12 months we will also get some of the BFSI ideals.

So there is a good pipeline really building up and also there is a good pipeline building up from the government business which is only focused on testing but it is something rather for the next 6 to 9 months because none of this has really materialized like the right option. But it usually always takes more than 12 months since we have done the acquisition but we are very confident.

Moderator:

Thank you. The next question is from the line of HR Gala from Panav Advisor. Please go ahead.

HR Gala:

I just wanted to know looking at our group presentation which has been put up, you know there is a distinct note about giving lesser importance to the regular testing services and getting more into the total managed services. So how are we migrating in line with our group philosophy?

Aarti Arvind:

Could you please repeat the last part?

HR Gala:

This is the presentation which they have recently put up on 8 March?

Aarti Arvind:

No, the last part of your question I could not quite hear?

HR Gala:

My question is they say that the share of group revenue substantially reduced through focus on higher margin business and they are talking about the completely managed solutions.

Rene Gawron:

Maybe I can give a quick answer first on this. This is Rene. Generally, the focus and this is also true for BFSI and Aarti will soon comment on this. But the key focus is that we are moving very much towards solution based selling. When you sell a business solution, it means we sell quality assurance and that helps that the new kind of digitalized banking service whatever can go to operations. This is what we typically do at managed services. We sell a solution for a business problem or for a business issue. While RTS was just selling capabilities we have skills and we are definitely in the whole group moving away from this and SQS India BFSI is following that. And maybe Aarti you also want to add something to that.

HR Gala:

So over a period of time even in SQS India BFSI we will see that kind of a trend emerging?

Aarti Arvind:

I think what you will find is in terms of managed services is close to over 60% of our engagements are already in the managed services model what Rene talked about. And even for us it is a big focus area to see what we can have with the kind of services because it gives you the flexibility in terms of managing the entire project and also it gives you stickiness to the



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customers because they are looking at outcome from you rather than looking at people from you. So that gives a lot more stickiness with the customer which is beneficial.

And for us as an organization it helps us to sell our overall solution rather than capability what Rene talked about. So it is overall a win-win for both the customer and for us and that is something we focus on with every customer to say the value that they will get out of it and at the same time it helps us to manage our people and capability and also make improvements, optimize all that better.

HR Gala:

My second question has two elements. One is with these kind of value added offerings and more of offshoring do you see that our EBITDA margin could improve from the current level of say around 20%, 21%, 22%?

Aarti Arvind:

I think in terms of offshoring your margins typically tend to improve. But at the same time you need to look at the region that you are offshoring and the overall mix. So there are various components that go into what determines your EBITDA margin. So I think there is a healthy EBITDA margin right now and there are also investments that we have made in terms of infrastructure which the benefit will start kicking in later. So there is a kind of a played off in terms of what you need to invest for the future, where you are now, what is your region mix, how things are moving changing.

So I would say that it is already at healthy EBITDA margin and we will focus on how do we grow the business and what more do we need to do and focus on future growth. So that is what we are focusing on right now. And managed services is definitely something where we have a good percentage of revenue already from managed services. And we would focus on trying to seek to maintain that and also how much more we can do.

HR Gala:

Just last question from my side. Talking about these infrastructures build up for future growth sustenance do we have any plans for adding further capacity beyond this 250 seater that we have created?

Aarti Arvind:

I think at present we are looking at we have added this capacity and we have just inaugurated it this week. So in terms of future plans it is completely driven by what we are planning in terms of growth. So once we decide that we will communicate. There is no plan right now to get into an immediate expansions. At the same time, we also have extra capacity in different locations for example even in Mumbai we have and our group entity is in Pune so there are various options for us to grow in terms of stakes. So at present we have added the 250 seater and we will focus on how to grow the business and what we would do with that rather than looking at immediate capacity expansion in terms of infrastructure.

HR Gala:

How much total capacity do we have in India?



- Aarti Arvind:** It would be around 950 to 1,000 seats.
- Moderator:** Thank you. The next question is from the line of Aveek Mitra from Aveksat Equity. Please go ahead.
- Aveek Mitra:** I have couple of questions. I think the first question I do not know whether it has been already covered because I joined a few minutes late. I think the US revenue has gone down if I take the absolute term. So I think it is from about \$90 million to \$75 million presently. Any reason for that because I think your primary objective was to ensure that US growth?
- Aarti Arvind:** I think you are right in terms of US that is our focus market because as an organization our share of revenue from the US is lower compared to other similar organizations. So that is our focus and that continues that has been our focus and we continues to be. In terms of the last quarter revenue from the US there are certain projects up and down which happened where based on the schedule we may have certain lower revenue in a quarter compared to another quarter. So it is more of that. There is a lot of sales activity happening in the US.
- We have our sales teams on the ground through the local market units which is there in the US and there is a lot of focus, lot of opportunities we are talking about the pipeline. It is a matter of them getting converted for us to increase our revenue shares from the US. So current decrease is more because of projects ups and downs but focus continues to be there that we are completely clear about.
- Aveek Mitra:** So by next quarter or something can we go back to 15%, 16% of the total revenue, can we expect that?
- Aarti Arvind:** I think in terms of what we are looking at will be a larger share but at the same time every quarter it would vary depending upon where the revenue comes from and what we are planning. So at this point it is difficult to say exactly what will be the percentage of revenue from each regions.
- Aveek Mitra:** And the next question is regarding this client detail. So I think from Q1 16 I think you have number of active clients have reduced from 64 to 57. So is it a conscious decision of pruning the clients which are not having long term profitability or is it some clients have left you and gone somewhere? So if you can just throw some light on that.
- Aarti Arvind:** I think it is a mix of reasons. One would be there could be certain projects which you bill in a quarter whereas we do not bill in another quarter. That could be one reason. Another one would be when you finish a project you will have a decrease in that quarter that customer may convert in to a BAU project which is a sort of smaller scale in subsequent quarters. So it could be a mix of reasons why you have more or less and the same customer whom you do not bill today you might bill in the next quarter. So it is a various mix of reasons why you might have lower number of clients.



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And of course there could be some that we chose to say that look where the profitability or volume the efforts tend is very heavy and they may not work much in the future. So it is not a single reason I would attribute it to. I think it is a mix of reasons why certain number of clients go up in a quarter or go down in a quarter. But as I mentioned I think that is moving our average revenue to around US\$ 190,000 per client per quarter is a positive side. So that is something we were managed to do.

Aveek Mitra: Can you throw some light on your potentially B level clients on your books right now say is it more than 57 or much more than that?

N. Vaidyanathan: We do not share the pipeline or any future outlook.

Aveek Mitra: And the last question is basically on your new addition of capacity at your existing location. Now if I understood correctly I think 67% of your people are actually working onsite. So you are already having about say 950 as you said number of capacity out there. So any light about say in one year down the line how much of this capacity will be utilized?

N. Vaidyanathan: One correction. It is 67% of our revenue in terms of value; coming from onsite. In terms of people it will be different. It may be about 30% to 40% of the people may be working onsite. Because the onsite revenue per head is about 2.5 to 3 times that of offshore revenue. So you cannot proportionately count like that.

Aveek Mitra: Okay so is it possible to give some idea about how much of this new capacity will be filled by say a year end or say in about say next 15 to 18 months?

Aarti Arvind: I think we have taken up and build the capacity based on our future growth. But at this point it will be difficult to say because we do not give forecast in terms of how many people we are going to add in a quarter or in the next six months in terms of revenue what we are looking at. So since we do not give a forward looking guideline it will be difficult for us right now to say how much is the capacity we would fill on and how much of the facility we would fill though it is not a matter of you would be moving in certain clients where it is required certain certifications also which might not be there in another premises.

So that is also another reason why we have added the capacity in the same building because certifications are very important for BFSI clients. So that is something which we have as Mr. Vaidyanathan mentioned we have a different certification which locations would have which others may not have. So that is also an important criteria. But exactly how much of it we would fill in the next three, six or nine months. At this point it is a little difficult for us to say that.

Moderator: Thank you. The next question is from the line of Pranav Mehta from Value Quest. Please go ahead.



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Pranav Mehta:

Sir, my question was on if you see the group company revenue is then it has been growing at a pretty healthy rate and in this quarter also and even in last year. But the non-group part of the revenue has actually declined during the quarter and even last year it was a low single digit growth. So just wanted to know your thoughts on that? So what leading to that decline? And the second question was on the wage hike schedule. So from which month are we planning to give the wage hikes and may be a ballpark percentage of wage hikes?

Aarti Arvind:

In terms of the group revenue as well as direct revenue I think we track it more in terms of overall revenue rather than whether it is from the group or direct because profitability wise both are at the same. So we look at which region and which country, which customer has a maximum opportunity and focus on that rather than looking at is it group or non-group revenue because for us it is pretty much it is the same in terms of for us as an organization. So the focus is which customer has a need, which region seems to be growing so that is more the focus.

So in the last year or two, you would have seen that group revenue has gone up because certain markets, certain regions have improved. And also we have been able to leverage our local teams to sell our solutions better in certain regions so that could be the reason why group revenue was higher. It is not but the way we track it is more in terms of the overall revenue for the entity rather than whether from group on us because it is pretty much the same for us otherwise. So that is one part of the answer.

So the other question, you had a second question?

Pranav Mehta:

It was on the wage hike. So from which month do you plan to give the wage hike and what percentage increase?

Aarti Arvind:

Our wage hikes would be effective from July. We will be rolling out in August. Since we have not rolled out it will be difficult for me at this point of time to give the percentage to your wage hike that we are going ahead with.

Moderator:

Thank you. The next question is from the line of Saurabh Jain from Astute Investments. Please go ahead.

Saurabh Jain:

So I had two questions. The first question is to the Indian team. Are you seeing any on the ground slowdown in Europe primarily because of the Brexit or due to the uncertainty if SQS India BFSI can comment on it?

Aarti Arvind:

I think in terms of Brexit there are multiple impacts which could be there. One would be in terms of the currency impact which we have already said it and I think most organizations felt that the impact is very much there. The other impact is in terms of Brexit caused a lot of uncertainty in the market countries are not exactly sure how it is going to turnover because there is no clarity.



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And we expect this uncertainty to continue for a certain period of time. In the short run the uncertainty could cost certain amount of conservative spending which could impact the business at the same time in the medium term we are also seeing that there could be opportunities created out of Brexit because if a bank or financial institution have to set up another legal entity in non-UK setup then what would happen is they would invest in that and there would be new opportunities which come up. So as we see it in the medium term or long term Brexit could create more business.

But at the same time in the short run because of the uncertainty there could be certain little bit more conservative spending which is done by customers across the board at the same time this is more of a market phenomenon and we need to wait and see how this turns out because right now I think nobody has an exact answer of how this is going to happen, when, what so we will need to wait and see.

Saurabh Jain: But in your conversations with prospective customers are you seeing that they are wanting to delay some projects?

Aarti Arvind: It is a little soon also to say that because it happened only couple of weeks back. At present in our conversations nothing has changed but at the same time we need to see how customers look at their spending for the next couple of quarters. But at present we have not seen any change or any immediate impact except for the currency change or the depreciation of the pound.

Saurabh Jain: And just my second question. If you can give your comments on the bit muted growth on the QoQ basis for the topline?

Aarti Arvind: If you look at it in the previous quarter we had grown quite a bit in terms of QoQ. So whereas the last quarter and the current quarter the growth has been north of 1.3% on rupee terms and 1.9% in dollar terms. So it is more of a certain projects, which we have which increased certain projects the billing cycle or the milestones are different. So there is no it is the previous quarter we had grown significantly so this quarter was a little bit less than that.

Moderator: Thank you. The next question is a follow up from the line of HR Gala from Panav Advisor. Please go ahead.

HR Gala: I just wanted to know one thing. I think one of the previous speaker had asked a similar question but I think the answer was not clear. The other expenditure has increased to Rs. 14.3 crore from Rs. 10 crore. So what is the reason for that a 43% increase is there any one off included in this?

N. Vaidyanathan: See the other expenses includes the travel cost for onsite which has increased from 65% to 67% during the last quarter. It is a 30% increase on that and there also certain onsite visa expenses where to the tune of 4.6% to about Rs. 7 million is there in that. This is the reason for



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and we have taken the new premises in the same building in the ninth floor it is about and the rent on that also has been included in that. These are the reasons for the increase.

HR Gala:

So I think it should remain at these levels as we go ahead, other expenditure?

N. Vaidyanathan:

Apart from visa related expenses, rest of the expenses will be at the same level for the same level of activity.

Moderator:

Thank you. Ladies and gentlemen, that was the last question. I would now like to hand the conference over to Ms. Aarti Arvind for closing comments.

Aarti Arvind:

Thank you all for joining. I think it has been an interesting discussion. So thank you and have a great weekend.

Moderator:

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