

SQS BFSI FZE
Formerly known as THINKSOFT GLOBAL SERVICES FZE
HAMRIYAH FREE ZONE AUTHORITY
SHARJAH, U.A.E.
FINANCIAL STATEMENTS
31 MARCH 2015

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DIRECTORS' REPORT
31 MARCH 2015

The director has pleasure in submitting his report and the audited financial statements for the year ended 31 March 2015.

Principal Activity

The principal activity of the SQS BFSI FZE is IT Consultancy.

Business Operations Review

The SQS BFSI FZE has made a profit of AED 695,577/- for the year.

Events since the end of the year

There are no significant events since the end of the financial year and the date of this report, which is likely to affect, substantially the result of the operations or the financial position of the FZE.

Shareholder and his interests

The shareholder as at 31 March 2015 and his interests in the share capital of the FZE as at that date were as follows:

Name	Number of share	AED
M/s SQS India BFSI Limited (Formerly Thinksoft Global Services Limited)	<u>24</u>	<u>600,000</u>
	<u>24</u>	<u>600,000</u>

Auditors

The auditors, M/s Nadeem and Umendra Chartered Accountants are appointed to carry out independent audit for the year.

Authorized Signatory

21 April 2015

**INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDER OF SQS BFSI FZE
(Formerly known as THINKSOFT GLOBAL SERVICES FZE)
HAMRIYAH FREE ZONE AUTHORITY
SHARJAH , U.A.E.**

We have audited the accompanying financial statements of **SQS BFSI FZE**, which comprise the statement of financial position, as at **31 March 2015**, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended.

Managements' responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. The responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The procedures selected depend upon the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal controls relevant to the Company's preparation and fair presentation of the financial statements in order to design the audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls. An audit also includes assessing the appropriateness of accounting principles used and significant accounting estimates made by management, as well as evaluating the overall presentation of financial statements.

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

Opinion

The management has compiled the financial statements on the basis of information, evidence and data that was available in the absence of proper books of accounts and records. Furthermore we remain unable to verify advances, deposits, accrued expenses, revenue, cost of sales, and administrative expenses.

An independent confirmation from the bank in respect of the FZE's bank accounts balances, related parties balances and any related information is still awaited.

Subject to the preceding paragraphs, in our opinion, the financial statements present fairly, in all material respects, the financial position of **SQS BFSI FZE**, as of **31 March 2015** and the results of its operations for the period then ended are in accordance with International Financial Reporting Standards.

NADEEM AND UMENDRA CHARTERED ACCOUNTANTS

**Nadeem Hussain Khan
Registration No. 756
21 April 2015**

SQS BFSI FZE
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STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2015

	Note	2015 AED	2014 AED
CURRENT ASSETS			
Other current assets	4	493,858	385,302
Due from related parties	5	1,141,184	500,800
Cash and cash equivalents	6	1,675,529	1,599,355
		<u>3,310,571</u>	<u>2,485,457</u>
CURRENT LIABILITIES			
Accounts payables	7	19,943	63,734
Due to related parties	5	-	88,373
Other payables and provisions	8	834,776	573,075
		<u>854,719</u>	<u>725,182</u>
NET CURRENT ASSETS		<u>2,455,852</u>	<u>1,760,275</u>
EQUITY FUNDS			
Share capital		600,000	600,000
Retained earnings		1,855,852	1,160,275
		<u>2,455,852</u>	<u>1,760,275</u>

The accounting policies and notes on pages 7 to 10 form an integral part of these financial statements.

The independent auditors' report is set forth on page 2.

These financial statements have been approved and signed by the undersigned on 21 April 2015.

For SQS BFSI FZE

Authorized Signatory

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STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2015

	Note	2015 AED	2014 AED
REVENUE	9	10,630,753	7,268,358
Cost of sales	10	<u>(8,087,304)</u>	<u>(5,203,562)</u>
GROSS PROFIT		2,543,449	2,064,796
Administrative expenses	11	<u>(1,841,052)</u>	<u>(1,576,181)</u>
OPERATING PROFIT		702,397	488,615
Financial charges	12	(6,820)	(13,115)
NET PROFIT FOR THE YEAR		<u><u>695,577</u></u>	<u><u>475,500</u></u>

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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2015

	Share capital AED	Retained earnings AED	Shareholder's current account AED	Total AED
As at 1 April 2013	600,000	19,843	-	619,843
Prior year adjustment	-	664,932	-	664,932
Profit for the year	-	475,500	-	475,500
As at 31 March 2014	600,000	1,160,275	-	1,760,275
Profit for the year	-	695,577	-	695,577
As at 31 March 2015	600,000	1,855,852	-	2,455,852

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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2015

	Note	2015 AED	2014 AED
Cash flows from operating activities			
Profit for the year		695,577	475,500
Adjustment:			
Prior year adjustment		-	664,932
Operating profit before changes in operating assets and liabilities		<u>695,577</u>	<u>1,140,432</u>
(Increase) / Decrease in other current assets		(108,556)	(38,915)
(Increase) / Decrease in due from related parties		(640,384)	(500,800)
Increase / (Decrease) in accounts payables		(43,791)	63,734
Increase / (Decrease) in due to related parties		(88,373)	88,373
Increase / (Decrease) in accrued and other payables		261,701	107,587
		<u>(619,403)</u>	<u>(280,021)</u>
Net cash from / (used in) operating activities		<u>76,174</u>	<u>860,411</u>
Net increase / (decrease) in cash and cash equivalents		76,174	860,411
Cash and cash equivalents at beginning of the year		1,599,355	738,944
Cash and cash equivalents at end of the year	8	<u>1,675,529</u>	<u>1,599,355</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

1 LEGAL STATUS AND BUSINESS ACTIVITY

- a) **SQS BFSI FZE.** was registered on 15 June 2010, in Hamriyah Free Zone, Sharjah, United Arab Emirates, as a Free Zone Establishment in accordance with the provision of Article 218 of the UAE Commercial Companies Law No. 8 of 1984, as amended. As on 9 November 2014, the trade name of company has changed from "Thinksoft Global Services FZE" to "SQS BFSI FZE". The registered address of the FZE is E-LOB - Office No. E-77G-04, P.O.Box 50989, Hamriyah Free Zone, Sharjah, UAE.
- b) The principal activity of the SQS BFSI FZE is IT Consultancy.
- c) As on 3rd April 2014 a resolution is passed in the parent company in Chennai, India whereby the board decided to appoint Dr. Martin Muller as director and Mr. Princy Eapen has been appointed as a manager of the SQS BFSI FZE. Further on 17th December 2014 a resolution is passed in the parent company in Chennai, whereby the board decided to appoint Dr. Martin Muller as additional manager SQS BFSI FZE and Mr. A V Asvini Kumar ceases to be a manager of SQS BFSI FZE.

2 SHAREHOLDING

The shareholding of the SQS BFSI FZE is as follows

Name	Number of share	AED
M/s SQS India BFSI Limited (Formerly Thinksoft Global Services Limited)	24	600,000
	<u>24</u>	<u>600,000</u>

- 2.1 The authorized and paid up share capital of the Thinksoft Global Services FZE is AED 600,000/- divided into 24 share of AED 25,000/- each.

3 SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

These financial statements are prepared under the historical cost convention and in accordance with International Financial Reporting Standards issued or adopted by the International Accounting Standards Board (IASB) and the requirements of UAE Commercial Companies Law No. 8 of 1984, as amended.

b) Presentation currency

These financial statements have been expressed in UAE Dirham, which is the functional and domicile currency of the SQS BFSI FZE. The figures have been rounded off the nearest 1/- UAE Dirham.

c) Summary of Significant accounting Policies

The significant accounting policies adopted and which have been consistently applied are as follows:

i) Revenue recognition

The company generates revenue from professional services rendered. Revenue is recognised for the services performed while the corresponding cost of providing those services are reflected as cost of sales. Revenue represents services billed to parent company based on cost plus margin as per transfer pricing study.

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FOR THE YEAR ENDED 31 MARCH 2015

ii) Foreign currency transactions

Transactions in foreign currencies are translated into UAE Dirham at the rate of exchange ruling on the date of the transactions.

Monetary assets and liabilities expressed in foreign currencies are translated into UAE Dirham at the rate of exchange ruling at the statement of financial position date.

Gains or losses resulting from foreign currency transactions are taken to the statement of comprehensive income.

iii) Provisions

Provisions are recognized when the SQS BFSI FZE has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a realizable estimate of the amount of the obligation can be made.

iv) Cash and cash equivalents

Cash and cash equivalents comprise cash and balance in bank current accounts.

	2015	2014
	AED	AED
4 OTHER CURRENT ASSETS		
Prepayments	22,866	8,429
Advances to staff / creditor	170,350	76,231
Deposits	300,642	300,642
	493,858	385,302
	493,858	385,302

5 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operational decisions.

For the year ended 31 March 2015, following are the details of related party transactions:

5.1 DUE FROM RELATED PARTIES

SQS India BFSI Limited (Formerly Thinksoft Global Services Limited)	994,083	500,800
SQS India BFSI Limited (Formerly Thinksoft Global Services Limited) MEPZ unit	147,101	-
	1,141,184	500,800
	1,141,184	500,800

5.2 DUE TO RELATED PARTIES

SQS India BFSI Limited (Formerly Thinksoft Global Services Limited) MEPZ unit	-	88,373
	-	88,373
	-	88,373

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FOR THE YEAR ENDED 31 MARCH 2015

	2015	2014
	AED	AED
6 CASH AND CASH EQUIVALENTS		
Cash at bank	<u>1,675,529</u>	<u>1,599,355</u>
	<u>1,675,529</u>	<u>1,599,355</u>
7 ACCOUNTS PAYABLES		
Accounts payables	<u>19,943</u>	<u>63,734</u>
	<u>19,943</u>	<u>63,734</u>
8 ACCURED AND OTHER PAYABLES		
Accrued expenses	717,541	561,782
Employees expenses payable	<u>117,235</u>	<u>11,293</u>
	<u>834,776</u>	<u>573,075</u>
9 REVENUE	<u>10,630,753</u>	<u>7,268,358</u>
	(Note 9.1)	
9.1	Revenue represents invoices raised for services rendered on behalf of Parent Company (SQS India BFSI Limited (Formerly Thinksoft Global Services Limited) and SQS India BFSI Limited (Formerly Thinksoft Global Services Limited) Ltd, MEPZ unit).	
10 COST OF SALES		
Direct expenses	<u>8,087,304</u>	<u>5,203,562</u>
	<u>8,087,304</u>	<u>5,203,562</u>
11 ADMINISTRATIVE EXPENSES		
Salaries and benefits	1,203,073	1,124,005
Professional fees	29,251	5,600
Printing and stationery	3,892	608
Communication & utilities	12,156	3,680
Business promotion expenses	184,646	171,445
Travelling expenses	181,960	144,858
Exchange (Loss)	61,108	47,597
Other administrative expenses	<u>164,966</u>	<u>78,388</u>
	<u>1,841,052</u>	<u>1,576,181</u>
12 FINANCIAL CHARGES		
Bank charges	<u>6,820</u>	<u>13,115</u>
	<u>6,820</u>	<u>13,115</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

13 FINANCIAL INSTRUMENTS

The management conducts and operates the business in a prudent manner, taking into account the significant risks to which the business is or could be exposed.

Credit risk

Financial assets that potentially expose the SQS BFSI FZE to concentrations of credit risk comprise principally bank balances and trade and other receivables.

Credit risk relating to trade receivables is managed by assessing the creditworthiness of potential customers and the potential for exposure to the market in which they operate, combined with regular monitoring and follow-up.

The SQS BFSI FZE bank accounts are placed with high credit quality financial institutions.

Currency risk

There are no significant exchange rate risk as substantially all financial assets and liabilities are denominated in AED or US Dollars against which the UAE Dirham rate is fixed.

14 FAIR VALUE

The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The fair value of the financial assets and financial liabilities which are required to be carried at cost or at amortized cost approximates to their carrying values.

15 COMPARATIVE FIGURE

The financial period covers the period of 12 months from 1 April 2014 to 31 March 2015. Previous period figures are reclassified and regrouped to conform to current period presentation.

The accounting policies and notes on pages 7 to 10 form an integral part of these financial statements.

The independent auditors' report is set forth on page 2.

These financial statements have been approved and signed by the undersigned on 21 April 2015.

For SQS BFSI FZE

Authorized Signatory
