



XSL/SE/2017

September 14, 2017

The Asst. Vice President,  
National Stock Exchange of India  
Limited  
Exchange Plaza, C-1, Block G,  
Bandra Kurla Complex,  
Bandra (E), Mumbai - 400 051  
Fax :No. 022 - 26598237/8  
**Scrip Code: XCHANGING**

Department of Corporate  
Services - CRD  
BSE Limited,  
Floor 25, Phiroze Jeejeebhoy  
Towers,  
Dalal Street, Mumbai - 400 001  
Fax No. 022 - 22723121  
**Scrip Code: 532616**

**Sub: Submission of Annual Report**  
**Ref: Regulation 34 & other applicable Regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Dear Sir/Madam

**Xchanging Solutions Limited, a DXC  
Technology Company**

CIN: L72200KA2002PLC030072

Registered Office: SJR I-Park, Plot No. 13,  
14, 15 EPIP Industrial Area, Phase 1,  
Whitefield, Bangalore, Karnataka - 560 066  
India

T +91.(0)80.30540000

F +91.(0)80.41157394

[www.dxc.technology](http://www.dxc.technology)

271, Udyog Vihar, Phase - II,  
Gurgaon - 122016  
T +91 124 4339333  
F +91 124 4080995

We are attaching the Annual Report of the company Xchanging Solutions Limited for the Financial Period ended 31.03.2017 (15 Months Period ) along with Notice of AGM

You are kindly requested to take the above information on record.

Thanking You,

Yours Sincerely,  
**For Xchanging Solutions Limited**

*Mayank Jain*  
**Mayank Jain**  
**Company Secretary**



**Membership No. A26620**

**Address: SJR I Park, Plot no. 13, 14, 15  
EPIP Industrial Area, Phase 1 Whitefield, Bangalore - 560066**

Encl: as above

Xchanging Solutions Limited

ANNUAL REPORT 2016-17



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## BOARD OF DIRECTORS

Srikrishna Madhavan	- Executive Director, Chief Executive Officer and Chairman
Srinivasa Raghavan Venkatavaradhan	- Non-Executive Director
Henry D Souza	- Independent Director
Ashok Kumar Ramanathan	- Independent Director
Rekha Murthy	- Independent Director

## CHIEF FINANCIAL OFFICER

Suresh Akella

## COMPANY SECRETARY

Mayank Jain

## STATUTORY AUDITORS

Deloitte Haskins & Sells LLP  
ASV Ramana Towers, 52, Venkatnarayana Road,  
T Nagar, Chennai, 600017, India

## REGISTERED OFFICE

SJR I-Park Plot No. 13, 14, 15  
EPIP Industrial Area  
Phase I, Whitefield  
Bangalore 560 066  
Karnataka  
Phone +91 80 30540000  
Fax +91 80 41157394  
Email: [compliance@asia.xchanging.com](mailto:compliance@asia.xchanging.com)  
Website: [www.xchanging.com](http://www.xchanging.com)  
CIN: L72200KA2002PLC030072

## REGISTRAR AND SHARE TRANSFER AGENT

Karvy Computershare Private Limited  
Karvy Selenium Tower B, Plot 31 - 32  
Gachibowli, Financial District,  
Nanakramguda,  
Hyderabad – 500 032  
Phone : +91 040-67162222  
Fax : +91 040-23001153  
Email : [einward.ris@karvy.com](mailto:einward.ris@karvy.com)  
Website : [www.karvy.com](http://www.karvy.com)

## LIST OF ALL ANNEXURES

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### A. BOARDS'REPORT

- Annexure – I** Particulars of contract / arrangements with related parties (Form AOC-2)
- Annexure – II** Secretarial Audit Report (Form MR – 3)
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- Annexure – A** Compliance Certificate
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## BOARDS' REPORT

Dear Shareholders,

The Board of Directors ("Board") is pleased to present the Sixteenth Annual Report and the Audited Financial Statement of the Company for the financial period ended 31 March 2017 (15 months period commencing from January 1, 2016 to March 31, 2017).

### A. FINANCIAL RESULTS

The highlights of standalone and consolidated financial results of the Company for the financial period ended 31 March 2017 and 31 December 2015, prepared as per Indian GAAP are as under:

(INR in Lakhs)

PARTICULARS	STANDALONE		CONSOLIDATED	
	For the Financial period ended 31 Mar 2017 (15 months period)	For the Financial year ended 31 Dec 2015 (12 months period)	For the Financial period ended 31 Mar 2017 (15 months period)	For the Financial year ended 31 Dec 2015 (12 months period)
Total Income	10,976	13,293	32,117	29,469
Total Expenditure	11,301	10,576	29,881	25,167
Profit before Interest, Depreciation and Tax	(325)	2,717	2,236	4,302
Depreciation & Amortization	280	389	305	420
Finance Costs	15	19	15	19
Exceptional Items Gain/(Loss)	-	-	-	-
Profit / (Loss) before Tax	(620)	2,309	1,916	3,863
Income Tax (including deferred tax)	47	945	156	943
Net Profit / (Loss) after Tax	(667)	1,364	1,760	2,920
Earnings/(Loss) per share Rs.	(0.60)	1.22	1.58	2.62

### B. REVIEW OF OPERATIONS

During the financial period ended 31 March 2017, the consolidated income of the Company was Rs 32,117 Lakhs as against Rs. 29,469 Lakhs during the previous year ended 31 December 2015 (12 months period). At a standalone level, the total income of the Company for the financial period ended 31 March 2017 amounted to Rs. 10,976 Lakhs compared to Rs. 13,293 Lakhs during the previous year ended 31 December 2015 (12 months period).

### C. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report for the financial period ended 31 March 2017 as stipulated under Regulation 34(2)(e) of the SEBI (Listing

Obligation and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") is presented in a separate section and forms an integral part of this Report.

### D. DIVIDEND

The Board does not recommend a dividend per equity share.

### E. TRANSFER TO RESERVES

During the financial period under review, the Company is not required to transfer any amount to the General Reserve.

### F. SUBSIDIARY

Your company has 3 (three) subsidiaries and 2 (two) step down subsidiaries for the financial period ended 31 March 2017.

During the financial period ended 31 March 2017 under review, there have been no material changes in the business of the subsidiaries. In terms of Section 129(3) of the Companies Act, 2013 ('Act'), the Company has prepared a statement containing the salient features of the Financial Statement of subsidiaries in the prescribed Form AOC-1 which is attached to the Financial Statements of the Company.

The Financial Statements of Subsidiary Companies are kept open for inspection by the shareholders at the Registered Office of your Company during business hours on all days except Saturdays, Sundays and public holidays upto the date of the Annual General Meeting ('AGM') as required under Section 136 of the Act. Any member desirous of obtaining a copy of the said financial statements may write to the Company at its Registered Office. The financial statement including the consolidated financial statement and all other documents required to be attached with this report have been uploaded on to the website of your Company viz. <http://www.xchanging.com/investor-relations/xsl-content>.

### G. RELATED PARTY TRANSACTIONS

All Related Party Transactions were placed before the Audit Committee for approval as per the Related Party Transactions Policy of the Company as approved by the Board. The policy is also uploaded on to the website of the company and can be accessed through the link <http://www.xchanging.com/investor-relations/xsl-content>.

All related party transactions that were entered into during the financial year were on an 'arm's length basis' and were in the ordinary course of business.

Particulars of contracts or arrangements with related parties in the prescribed Form AOC-2, is provided as **Annexure - I** to this Boards' Report.

### H. AUDITORS

#### i) Statutory Auditors and Auditors' Report

The Shareholders of the Company in the 15th AGM of the Company had appointed M/s Deloitte Haskins & Sells LLP, Chartered Accountants, (Firm Registration No. 117366WW - 1000180), ("Deloitte") as the Statutory Auditors of the Company to hold office from the conclusion of the 15th AGM till the conclusion of the 16th AGM of the Company and are eligible for reappointment. Pursuant to provisions of section 139 of the Act and the Rules made there under, the Board upon the recommendation of Audit Committee proposes to reappoint Deloitte as Statutory Auditors of the Company from the conclusion of ensuing 16<sup>th</sup> Annual General Meeting till the conclusion of the 20th annual general meeting, subject to ratification in every annual general meeting till 20<sup>th</sup> annual general meeting. They have furnished a certificate confirming the eligibility under section 141 of the Act and Rules made there under.

The Auditors' Report does not contain any qualification, reservation or adverse remark.

#### ii) Secretarial Auditor

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr. Ankush Agarwal (M/s. Ankush Agarwal & Associates, Company Secretaries), to undertake the Secretarial Audit of the Company. Accordingly, in terms of provisions of Section 204(1) of the Act, a Secretarial Audit Report given by the Secretarial Auditor of the Company in prescribed Form MR-3 is provided as **Annexure - II**.

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

### I. PARTICULARS OF LOANS, GUARANTEES, INVESTMENTS AND SECURITIES

Details of loan, Guarantee and Investment covered under Section 186 of the Act are provided in the notes to financial statements.

### J. PUBLIC DEPOSITS

Your Company has neither invited nor accepted any

deposits from public within the meaning of Section 73 of the Act read with Companies (Acceptance of Deposits) Rules 2014 during the period under review.

### K. EMPLOYEES

#### i) Key Managerial Personnel (KMP)

The following have been designated as the Key Managerial Personnel of the Company pursuant to Sections 2(51) and 203 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

- a) Mr. Srikrishna Madhavan – Executive Director and Chief Executive Officer (11.11.2016 onwards)
- b) Mr. Alok Kumar Sinha – Executive Director and Chief Executive Officer (till 10.11.2016)
- c) Mr. Vinod Goel – Chief Financial Officer (till 15.06.2016)
- d) Mr. Rajeev Kachhal – Chief Financial Officer (27.06.2016 to 09.01.2017)
- e) Mr. Suresh Akella – Chief Financial Officer (29.05.2017 onwards)
- f) Mr. Mayank Jain - Company Secretary (26.02.2016 onwards)

#### ii) Employees' Stock Option Plan (ESOP)

ESOP scheme has been lapsed and consummated during the previous year ended 31 December 2015 and therefore, during the period under review no ESOP scheme exists in the Company.

#### iii) Particulars of Employees and Related Disclosures

The statement of Disclosure of Remuneration under Section 197 of the Act and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 ("Rules"), is appended as **Annexure-III** to the Report. The information as per Rule 5(2) of the Rules, forms part of this Report. However, as per first proviso to Section 136(1) of the Act and second proviso of Rule 5(2) of the Rules, the Report and Financial Statements are being sent to the Members of the Company excluding the statement of particulars of employees under Rule 5(2) of the Rules. Any Member interested in obtaining a copy of the said statement may write to the Company Secretary at the Registered Office of the Company.

### L. BOARD AND COMMITTEES

#### i) Directors

The Board at their meeting held on 06 June 2016, based on the recommendation of the Nomination and Remuneration Committee and subject to the approval of its Members, appointed Mr. Srinivasa Raghavan Venkatavaradhan as an Additional Director and Non-Executive Director of the Company w.e.f. 06 June 2016. Thereafter, at the Annual General Meeting (“AGM”) of the Company held on 27 June 2016, he was appointed as Non-Executive Director liable to retire by rotation.

Mr. David Bauernfeind, Mr. Alok Kumar Sinha and Ms. Gopika Pant stepped down from the Board of Directors with effect from 27 May 2016, 10 November 2016 and 29 May 2017 respectively. Mr. Srikrishna Madhavan has been appointed as Managing Director (Additional Director), Chief Executive Officer and Chairman of the Board with effect from 11 November 2016. The appointment of Mr. Srikrishna Madhavan as Managing Director, based on the recommendation of the Nomination and Remuneration Committee is recommended for your approval in the ensuing Annual General Meeting.

The appointment of Ms. Rekha Murthy as Independent Director, based on the recommendation of the Nomination and Remuneration Committee is recommended for your approval in the ensuing Annual General Meeting.

As per Section 152 of the Act, Mr. Srinivasa Raghavan Venkatavaradhan retires by rotation and further being eligible, offers himself for re-appointment at the ensuing AGM. The Board recommend his re-appointment.

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Act and Regulation 16 of Listing Regulations.

#### ii) Board Evaluation

Pursuant to the provisions of Section 134(3)(p) of the Act and Regulation 4 of Listing Regulations, the Board has carried out an annual performance evaluation of its own performance, and the evaluation of the working of its Committees. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

#### iii) Remuneration Policy

The Remuneration Policy as approved by the Board on the recommendation of the Nomination and Remuneration Committee is available at <http://www.xchanging.com/investor-relations/xsl-content>.

#### iv) Board/Committee Composition and Meetings

A calendar of meetings is prepared and circulated in advance to the Directors. The details of composition of Board and Committee and their meetings held during the year are given in the Corporate Governance Report. The intervening gap between the meetings was within the period prescribed under the Act and the Listing Regulations.

#### v) Familiarization Programme and Separate Meeting of Independent Director's

During the financial period ended 31 March 2017, two separate meetings of the Independent Directors of the Company were held on 10 November 2016 and 14 December 2016 respectively without the attendance of Non-Independent Directors and the Management team.

During their meeting held on 10 November 2016, the Independent Directors discussed the matters specified in Schedule IV of the Act and Regulation 25 of the Listing Regulations. At their meeting held on 14 December 2016, the Committee of Independent Directors had given their recommendation for mandatory open Offer to the Shareholders of the Company.

The Nomination and Remuneration Committee of the Company at its meeting held on 27 February 2015 had approved a familiarization programme for Independent Directors of the Company. The Familiarization programme for Independent Directors is available at <http://www.xchanging.com/investor-relations/xsl-content>.

#### vi) Audit Committee

This Committee comprises the following Directors viz. Mr. Ashok Kumar Ramanathan (Chairman of the Committee), Mr. Srinivasa Raghavan Venkatavaradhan, Mr. Henry D Souza, Ms. Rekha Murthy (29<sup>th</sup> May, 2017 onwards) and Ms. Gopika Pant (till 29<sup>th</sup> May, 2017). The Company Secretary acts as the Secretary to the Committee.



All the recommendations of the Audit Committee were accepted by the Board.

### vii) Directors' Responsibility Statement

Pursuant to section 134(5) of the Act, your Directors, based on the representations received from the Management and after due enquiry confirms that:

- a) in the preparation of the annual accounts for the financial period ended 31 March 2017, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) the Directors have selected accounting policies and applied them consistently, and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31 March 2017 and of the profit of the Company for the financial period ended on that date;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safe guarding the assets of the Company and for preventing and detecting fraud and irregularities;
- d) the Directors have prepared the annual accounts on a going concern basis;
- e) the Directors have laid down adequate Internal Financial Controls to be followed by the Company and such Internal Financial Controls were adequate and operating effectively during the financial period ended 31 March 2017; and
- f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively through out the financial period ended 31 March 2017.

## M. GOVERNANCE

### i) Corporate Governance

The Company is committed to uphold the highest standards of Corporate Governance and to adhere to the requirements set out by the Securities and Exchange Board of India. A detailed report on Corporate Governance along with the Certificate of Mr. Ankush Agarwal (M/s

Ankush Agarwal & Associates, Company Secretaries), confirming compliance with conditions of Corporate Governance as stipulated under Schedule V of the Listing Regulations forms an integral part of this Report.

### ii) Vigil Mechanism / Whistle Blower Policy

The Company has established a whistle-blower policy and also established a mechanism for directors and employees to report their concerns. The details of the same are explained in the Corporate Governance Report.

### iii) Risk Management

The Company has a Risk Management process which provides an integrated approach for managing the risks in various aspects of the business. The detailed framework is provided in the management discussion and analysis report.

### iv) Internal Financial Controls

Your Company has in place adequate internal financial controls with reference to the financial statements.

### v) Disclosure under the Sexual Harassment of Women at the Work Place (Prevention, Prohibition and Redressal) Act, 2013

The Company has in place an Anti-Sexual Harassment Policy 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 the complaints received regarding sexual harassment. All employees are covered under this policy.

The following is the summary of the complaints received and disposed off during the financial period ended 31 March 2017:

- |                                    |     |
|------------------------------------|-----|
| a) No. of complaints received:     | NIL |
| b) No. of complaints disposed off: | NIL |

## N. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

The Corporate Social Responsibility Committee had formulated and recommended a Corporate Social Responsibility Policy to the Board of the Company which was subsequently adopted and implemented by the Company. The web-link to the CSR Policy is available at <http://www.xchanging.com/investor-relations/xsl-content>.

The detailed Annual Report on CSR activities is annexed herewith and marked as **Annexure - IV**.

### O. CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information as per Section 134(3)(m) of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014 regarding Conservation of Energy, Research & Development, Technology Absorption and Foreign Exchange Earning and Outgo is annexed herewith as **Annexure - V**.

### P. OTHER CHANGES

#### i) Share Capital

There was no change in the paid-up share capital of the Company. As on 31 March 2017, the paid-up capital of the Company was Rs. 1,114,037,160. This comprises 111,403,716 equity shares of Rs. 10/- each fully paid-up.

#### ii) Change of Financial Year

The Board of Directors of the Company in their meeting held on 11 August 2016 have extended the current financial year of the Company up to a period of 15 months i.e. 01 January 2016 to 31 March 2017. Subsequently, each financial year of the Company shall commence on 1st April and end on 31st March every year.

#### iii) Delisting of Equity Shares and Mandatory Open Offer

The brief details of Delisting of Equity Shares and Mandatory Open Offer are given herein below:

a) Xchanging Limited (Formerly known as "Xchanging Plc"), the ultimate parent company of the Company, had received a binding offer ("Overseas Offer") from CSC Computer Sciences International Operations Limited for acquisition of the entire share capital of Xchanging Limited. Considering the fact that any change in the control at the ultimate parent entity will trigger an open offer, accordingly, CSC Computer Sciences International Operations Limited ("Acquirer") along with Computer Sciences Corporation ("CSC"), CSC Technologies India Private Limited ("CSC India") and Computer Sciences Corporation India Private Limited ("CSC IPL") (CSC, CSC India and CSC IPL are collectively referred to as "PACs") in terms

of provisions of Regulation 3, 4, and 5(1) of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ("**SEBI (SAST) Regulations, 2015**") had made a public announcement for open offer to acquire upto 25% of public shareholding in the Company at Rs. 37.63 per share on 15 December 2015 and corrigendum on 28 January 2016;

- b) On 05 May 2016, CSC has announced the completion of acquisition of Xchanging Limited, being the ultimate parent company of the Company. As a result, Acquirer along with PACs indirectly controls 75% voting rights of the Company;
- c) The Board of Directors at their Meeting held on 06 June 2016 approved the delisting proposal made by Acquirer along with PACs and recommended to the shareholders of the Company for their approval as a Special Resolution through Postal Ballot in terms of provisions of SEBI (Delisting of Equity Shares) Regulations, 2009 ("**Delisting Regulations**"). Accordingly, Notice of Postal Ballot were sent to shareholders (via E-mails and Registered Post) and simultaneously published in newspapers on 25 June 2016;
- d) The Postal Ballot process was completed on 25 July 2016 and thereupon scrutinizer submitted his report on 27 July 2016 on Postal Ballot wherein, inter-alia, confirmed that the special resolution for delisting of Company's Equity Shares from BSE & NSE had been approved under Companies Act, 2013 and Delisting Regulations;
- e) The Company had received in-principle approvals from the BSE and NSE on 05 August 2016 for the delisting of the equity shares from the respective Stock Exchanges;
- f) Based on the approval received, the letter of offer was dispatched to the shareholders by 10 August 2016 for tendering shares in delisting offer. The tendering period started on 19 August 2016 & closed on 25 August 2016;
- g) The discovered price of Rs. 109/- per equity share was identified on the closure of the tendering period and the same was rejected by Acquirer along with PACs pursuant to which the Delisting Offer was deemed to

have failed in terms of regulation 19(1) of the Delisting Regulations. Acquirer along with PACs resumed the mandatory Open Offer in terms of regulation 5A of SEBI (SAST) Regulations, 2015;

- h) Draft letter offer was dispatched to the shareholders by 9 September 2016;
- i) All shares tendered in the Delisting offer were withdrawn by 22 September 2016;
- j) Observation letter was received from SEBI on 30 November 2016;
- k) The tendering period commenced on 19 December 2016 & closed on 30 December 2016;
- l) During this period 4,201,162 shares have been tendered and acquirer along with PACs has paid the consideration by 06 January 2017 at Rs. 41.01 per share to the shareholders, who had tendered shares in the mandatory open offer;
- m) Accordingly, the process of mandatory Open Offer had been completed and the Merchant Banker to the Offer has published the post Open Offer advertisement on 09 January 2017, in newspapers.

#### iv) Overseas Merger

DXC Technology Company was formed from the merger of Computer Sciences Corporation and Enterprises Services business of Hewlett Packard Enterprises on April 3, 2017 in USA.

DXC Technology Company is the ultimate beneficiary owner of the Company.

#### v) Statutory Disclosures

None of the Directors of your Company are

disqualified as per provision of Section 164(2) of the Act. The Directors of the Company have made necessary disclosures as required under various provisions of the Act and the Listing Regulations.

#### vi) Extract of Annual Return

Pursuant to Sub-section 3(a) of Section 134 and Sub-section (3) of Section 92 of the Act read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on 31 March 2017 in Form MGT - 9 is attached herewith as **Annexure - VI** and forms a part of this Report.

#### **ACKNOWLEDGEMENTS:**

Your Directors would like to express their sincere appreciation for the co-operation and assistance received from the Company's Bankers, Regulatory Bodies and Stakeholders including other business associates who have extended their valuable sustained support and encouragement during the year under review.

Your Directors also wish to place on record their deep sense of gratitude and appreciation for the commitment displayed by executives, officers and staff at all levels of the Company, resulting in the successful performance of the Company during the year under review. We look forward to your continued support in the future.

#### **For and on behalf of the Board of Directors,**

**Srinivasa Raghavan  
Venkatavaradhan  
Non-Executive Director**

**Srikrishna Madhavan  
Executive Director &  
Chief Executive Officer**

Place : Bangalore  
Date : 29 May 2017

Place : Bangalore  
Date : 29 May 2017

# ANNEXURE – I TO BOARDS' REPORT

## Form 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)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso there to

### 1. Details of contracts or arrangements or transactions not at arm's length basis –

- (a) Name(s) of the related party and nature of relationship: Nil
- (b) Nature of contracts/arrangements/transactions: Nil
- (c) Duration of the contracts / arrangements/transactions: NA
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any: NA
- (e) Justification for entering such contracts or arrangements or transactions: NA
- (f) Date(s) of approval by the Board: NA
- (g) Amount paid as advances, if any: NA
- (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188: NA

### 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: Xchanging Solutions USA INC, Wholly owned subsidiary of the Company
- (b) Nature of contracts/arrangements/transactions: Software Services
- (c) Duration of the contracts / arrangements/transactions: Ongoing
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any: Xchanging Solutions (USA) Inc is providing software services to Xchanging Solutions Limited from time to time as per the terms in the agreement.
- (e) Date(s) of approval by the Board, if any: NA
- (f) Amount paid as advances, if any: Nil

For and on behalf of the Board of Directors,

**Srikrishna Madhavan**  
Executive Director & Chief  
Executive Officer

Place : Bangalore  
Date : May 29, 2017

**Srinivasan Raghavan Venkatavardhan**  
Non-Executive Director

Place : Bangalore  
Date : May 29, 2017

### MR-3

#### Secretarial Audit Report

For the Financial period ended 31st March 2017

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

To,

**The Members,  
Xchanging Solutions Limited,**  
SJR I Park, Plot No.13, 14, 15  
EPIP Industrial Area, Phase 1  
Whitefield, Bangalore, Karnataka-560 066  
CIN: L72200KA2002PLC030072

I have conducted secretarial audit of the compliance of applicable statutory provisions and adherence to good corporate practices by M/s. Xchanging Solutions Limited (hereinafter called "**the Company**"). The 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 M/s. Xchanging Solutions Limited's 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 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 period ended on 31st March 2017 (*Commencing from January 1, 2016 to March 31, 2017*), complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent based on the management representation letter/ confirmation received from the management, in the manner and subject to the reporting made hereinafter. The members are requested to read this report along with my letter dated 26<sup>th</sup> May, 2017 Annexed to this report as **Annexure – A**.

1. I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial period ended on 31st March 2017 according to the applicable provisions of:
  - i) The Companies Act, 2013 (the Act) and the rules made thereunder;
  - ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
  - iii) The Depositories Act, 1996 and the regulations and bye-laws framed thereunder;
  - iv) 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;
  - v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act):-
    - I. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
    - II. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
    - III. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (*Not applicable to the Company during the Audit period*);
    - IV. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (*Not applicable to the Company during the Audit period*);
    - V. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (*Not applicable to the Company during the Audit period*);
    - VI. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (*Not applicable to the Company during the Audit period*);



VII. The Securities and Exchange Board of India (Registrars to an issue and share transfer agents) Regulations, 1993 regarding the companies Act and dealing with clients; and

VIII. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009.

2. I further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents, records, management confirmations in pursuance thereof, on test check basis, the Company has complied with the following laws applicable specifically to the Company:
  - i) Information Technology Act, 2000 and the rules made there under;
  - ii) Rules & Regulations under Software Technology Parks of India.
3. I have also examined compliance with the applicable clauses of the following:
  - i) Secretarial Standards issued by The Institute of Company Secretaries of India, with respect to board and general meetings; and
  - ii) The Listing Agreements entered into by the Company with National Stock Exchange of India Limited and BSE Limited read with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015.
4. During the period under review, to the best of my knowledge and belief and according to the information and explanations given to me, the Company has complied with the provisions of the Acts, Rules, Regulations and Agreements mentioned above, to the extent applicable.
5. I further report that:
  - i) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The Board also has a 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.
  - ii) Adequate notice is given to all directors to schedule the Board Meetings. Notice of Board meetings was sent at least seven days in advance and where any Board Meeting was held on shorter notice the same was conducted in compliance with the Act. A system exists for directors to seek and obtain further information and clarifications on the agenda items before the meetings and for their meaningful participation at the meetings. Majority decision is carried through. We are informed that there were no dissenting members' views on any of the matters during the year that were required to be captured and recorded as part of the minutes.
  - iii) The Company has spent an amount of Rs. 15 Lac against the amount of Rs.43.92 Lac to be spent during the year towards Corporate Social Responsibility.
  - iv) 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.
  - v) I further report that during the audit period the Company had following event which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, standards, guidelines etc.
    - i. On August 1, 2002, the Company issued 1,500,000, 11% debentures of face value of Rs. 100 each. The debentures were repayable at par at the end of five years from the date of issuance. Based on the orders of the Debt Recovery Tribunal, the Company had issued duplicate debenture certificates for 625,000 debentures in favour of a Bank and these debentures were redeemed in June 2007. Post redemption of these debentures, a civil suit was filed against the Company by Third Party claiming rights over the said 625,000 debentures. On the basis of an interim application filed by the Third Party, the Hon'ble High Court passed an Interim Order in restraining the Company from reflecting the redemption of debentures and directing the Company to continue to show it as due and payable. The Hon'ble Madras High Court vide order dated September 28, 2016 dismissed the suit filed by the said Third Party and also set aside the interim order. The Third Party has approached the Hon'ble Supreme Court

against the said order of the Hon'ble Madras High Court. On January 20, 2017 the Hon'ble Supreme Court has issued notice to the Company. Based on the legal advice obtained, the company is of the opinion that no adjustments are considered necessary.

- II. During the audit period CSC Computer Sciences International Operations Limited ("Acquirer") along with Computer Sciences Corporation ("CSC"), CSC Technologies India Private Limited ("CSC India") and Computer Sciences Corporation India Private Limited ("CSC IPL") (CSC, CSC India and CSC IPL are collectively referred to as "PACs") made a mandatory open offer under regulation 3(1), 4, 5(1) and 5(A)(3) of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. The tendering period of mandatory open offer was commenced on December 19 and closed on December 30, 2016. During this period 4,201,162 shares were tendered and CSC India acquired 4,201,162 shares. Therefore, promoter's shareholding (i.e. Xchanging Mauritius Limited, Xchanging Technology Services India Private Limited and CSC India) has increased from 75% to 78.77%.
- III. During the Audit period, the Board of Directors of the Company in their meeting held on 11 August 2016 have extended the current financial year of the Company up to a period of 15 months i.e. 01 January 2016 to 31 March 2017. Subsequently, each financial year of the Company shall commence on 1st April and end on 31st March every year.

### **Ankush Agarwal & Associates Company Secretaries**

#### **Ankush Agarwal Proprietor**

Membership No: A21125

Certificate of Practice No: 14486

Date : May 26, 2017

Place : New Delhi

**Annexure –A to Secretarial Audit Report dated 26<sup>th</sup> May, 2017**

To,

The Members,

**Xchanging Solutions Limited,**

SJR I Park, Plot no. 13, 14, 15

EPIP Industrial Area, Phase 1

Whitefield, Bangalore Karnataka- 560 066

[CIN: L72200KA2002PLC030072]

My Secretarial Audit Report dated 26<sup>th</sup> May, 2017 is to be read with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. My responsibility is to make a report based on the secretarial records produced for my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices we followed provide a reasonable basis for my report.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company as it is taken care in the statutory audit.
4. I have obtained the Management's representation about the compliance of laws, rules and regulations and happening of events, wherever required.
5. Compliance with the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. My examination was limited to the verification of procedures on test basis.
6. This Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**Ankush Agarwal & Associates**  
**Company Secretaries**

**Ankush Agarwal**  
**Proprietor**

Membership No: A21125

Certificate of Practice No: 14486

Date : May 26, 2017

Place : New Delhi



## ANNEXURE – III TO BOARDS' REPORT

### Details of Remuneration

Details pertaining to Remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- i) The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial period ended:

Name & Designation	Ratio to Median XSL Remuneration
Mr. Alok K. Sinha - Executive Director & CEO (till 10 November 2016)	4
Mr. Srikrishna Madhavan- Managing Director & CEO* (11 November 2016 onwards)	NA

\* Mr. Alok Kumar Sinha has resigned on November 10, 2016. So, Ratio to Median is calculated as on 31st October, 2016.

Mr. Srikrishna Madhavan's salary is yet to be approved in the ensuing AGM. Hence, Ratio to Median is not comparable

- ii) The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial period ended:

Name & Designation	% increase in XSL remuneration in the financial period ended 31 March 2017
Mr. Alok K. Sinha - Executive Director & CEO (till 10 November 2016)	-
Mr. Vinod Goel - Chief Financial Officer (till 15 June 2016)	-
Mr. Rajeev Kachhal – Chief Financial Officer (from 27 June 2016 to 9 January 2017)	-
Mr. Srikrishna Madhavan – Managing Director & CEO (11 November 2016 onwards)	-
Mr. Mayank Jain- Company Secretary (26 February 2016 onwards)	-

\* Since the information is for part of the year, the same is not comparable

- iii) The percentage increase in the median remuneration of employees in the financial period ended 31 March 2017: Not Applicable
- iv) The number of permanent employees on the rolls of company: 309
- v) Average percentile increase made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification there of and point out if there are any exceptional circumstances for increase in the managerial remuneration: Not Applicable.
- vi) Affirmation that the remuneration is as per the remuneration policy of the company: Yes, remuneration is as per the remuneration policy of the Company.

## ANNEXURE – IV TO BOARDS' REPORT

### Corporate Social Responsibility

Annual Report of Corporate Social Responsibility (CSR) Activities for the Financial period ending 31 March 2017:

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:

#### CSR Policy:

Corporate Social Responsibility at Xchanging Solutions Limited originates from the ideology of providing sustainable value to the society. In this direction, the company has adopted its CSR policy striving for economic and social development that positively impacts the society at large. In doing so build a better, sustainable way of holistic life for the marginalized and underprivileged sections of the society and work towards raising the country's human development index. Through the small contribution, the company aspires to improve the quality of life of people at the bottom of pyramid.

CSR Policy of the company provides the overview of projects or programs which are proposed to be undertaken by the Company.

The CSR Policy of the Company can be accessed at the company's website through the link: <http://www.xchanging.com/investor-relations/xsl-content>

2. Composition of the CSR Committee

Name	Designation	Role in CSR Committee
Mr. Ashok Kumar Ramanathan	Independent Director	Chairman
Mr. Srikrishna Madhavan (11 November 2016 onwards)	Executive Director & Chief Executive officer	Member
Ms. Gopika Pant (till 29 May 2017)	Independent Director	Member
Mr. Henry D Souza	Independent Director	Member
Ms. Rekha Murthy (29 May 2017 onwards)	Independent Director	Member

3. Average net profit of the Company for last three financial years: Rs. 2196 lakhs
4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above): Rs. 43.92 lakhs
5. Details of CSR spent during the financial year:
  - a. Total amount to be spent for the financial year: Rs. 15 lakhs
  - b. Amount unspent, if any: Rs. 28.92 lakhs

## Annexure – IV to Boards’ Report

### c. Manner in which the amount spent during the financial year is detailed below:

(INR in Lakhs)

S. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programme: i) Local area or other ii) Specify the State or District where the projects or programmes was undertaken	Amount outlay (Budget) project or programme wise	Amount spent on project or programs: Sub head:	Cumulative expenditure up to the date of reporting	Amount spent: Direct or through implementing agencies
1	To provide health services to weaker sections of the society	Promoting healthcare including preventive healthcare	Bangalore, Karnataka	4.50	4.50	4.50	Through a registered trust- Rotary Club of Bangalore Cantonment
2.	To preserve the rain water and lake restoration	Promoting and contributing for water conservation and safe drinking water provision	Shivamogga, Karnataka	10.50	10.50	10.50	Through a registered trust- Environmentalist Foundation of India
	Total			15.00	15.00	15.00	

#### **About Rotary Club of Bangalore Cantonment (“RCBC”):**

Established in 1984, RCBC has been one of the most prominent Rotary Clubs of Bangalore for the past 32 years. With a Club house of its own in Frazer Town, Bangalore, the club has been active in many fields to help the local community.

RCBC handles all the public donations through an established Trust – **RCBC** – which is registered with Ministry of Home Affairs, Government of India, annually audited and certified for benefits like 80G and others. All public donations are collected in the account of this trust and then funds are suitably disbursed for all projects through a well established approval process where the Board of RCBC is fully involved. Over the years, RCBC has touched the lives of around 35,000 persons with a total disbursement of approx. Rs. 5 Cr.

#### **About Environmentalist Foundation of India (“EFI”):**

EFI is an organization comprising of passionate people who are focusing on real time, result oriented conservation efforts. Animals are large and integral part of ecology and they need a lot of sensitivity and care. It is EFI’s endeavour to protect this group – domestic and wild, in the best possible way. Not only do they wish to provide food and shelter for as many animals as possible, they also work tirelessly towards inculcating greater compassion in the minds of people towards animals.

EFI organizes and executes effective lake cleanup programs in India. Under this program the organization adopts a beach, lake or any water body on a voluntary basis. The water body or beach with its periphery are cleaned, strengthened & restored to its original capacity & beauty. The cleaning process involves a massive removal of physical garbage from the premises. This is followed by scientific lab testing of the water samples repeatedly to check the contaminants and pollutant levels. Post scientific study, the lake bed is de-silted and the silt is deposited on the bunds and a major bund strengthening program follows soon. The leveled bund is now planted with native species saplings which offer extra support to the bund. A small wetland is created towards one corner of the lake to filter out the incoming waste. These wetlands act as the substrate filters, plants like water hyacinths are grown under supervision in this part of the lake alone to ensure filtration. For the beaches repeated nature walks and awareness drives are organized to ensure cleaner environments.

- 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.**

The Company has formulated its CSR policy in accordance with the directions specified in the Companies Act, 2013 read with its rules. As on 31 March 2017, the Company was part of Computer Sciences Corporation group and its overall vision is to actively contribute to the social and economic development of the communities in which the group operates and in so doing build a better, sustainable way life for the weaker and marginalized sections of the Society.

The overall CSR expenditure was Rs. 15 Lacs during the period ended 31 March 2017 as against gross amount required to be spent of Rs. 43.92 Lacs. The Management has been involved in the process of aligning its policies and processes with the Computer Sciences Corporation group and hence could not explore the various areas of spend. Your Company is endeavored to meet the budgeted expenditure by contributing in various eligible CSR activities in the coming years through structured events or programme or projects in accordance with Section 135 of the Act and rules made thereunder.

- 7. CSR Committee hereby confirms that the implementation and monitoring of CSR policy is in compliance with CSR objectives and CSR Policy of the company.**

**For Xchanging Solutions Limited**

**Ashok Kumar Ramanathan  
Chairperson - CSR Committee**

Date : May 29, 2017  
Place : USA

## ANNEXURE – V TO BOARDS' REPORT

### Conservation of Energy, Research and Development, Technology Absorption, Foreign Exchange Earnings and Outgo

#### A. Conservation of Energy

The operations of your company are not energy intensive. However, adequate measures have been taken to reduce energy efficient computer terminals.

#### B. Technology Absorption

Your company has continued its endeavour to develop and absorb advanced technologies for its various offering range to meet the requirements of a globally competitive market and to meet the technology requirements for the future.

#### C. Foreign Exchange Earnings and Outgo:

(INR in Lakhs)

Particulars	31 Mar 2017 (Fifteen months period)	31 Dec 2015 (Twelve months period)
Total Foreign Exchange earnings	8,813	11,087
Total Foreign Exchange outgo	827	1,595

# ANNEXURE – VI TO BOARDS’ REPORT

## EXTRACT OF ANNUAL RETURN

### Form MGT-9

(As on the financial period ended on 31st March 2017)

Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management & Administration) Rules 2014

#### 1. Registration and other details of Company :

i) CIN	L72200KA2002PLC030072
ii) Registration Date	01 February, 2002
iii) Name of the Company	Xchanging Solutions Limited
iv) Category / Sub-Category of the Company	Company Limited by shares
v) Address of the Registered office and contact details	SJR I –Park, Plot no. 13,14, 15 EPIP Industrial Area, Phase I, Whitefield, Bangalore- 560066 Telephone no: +918030540000 Email id:compliance@asia.xchanging.com
vi) Whether listed company Yes / No	Yes
vii) Name, Address and Contact Details of Registrar and Transfer Agent	Karvy Computershare Private Limited Karvy Selenium Tower B, Plot No. 31- 32 Financial District, Nanakramguda Gachibowli, Hyderabad – 500 032

#### 2. Principal Business Activity of the Company:

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

S. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1.	Computer programming activities	6201	100.00

#### 3. Particulars of Holding, subsidiary and associate companies:

S. No.	Name and address of the company	CIN/ GLN	Holding/ subsidiary/ Associate	% of shares held	Applicable Section
1.	Xchanging Mauritius Limited	NA	Holding	52.07	2(46)
2.	Xchanging Solutions (Europe) Limited, UK	NA	Subsidiary	100.00	2(87)
3.	Xchanging Solutions (Singapore) Pte Limited, Singapore	NA	Subsidiary	100.00	2(87)
4.	Xchanging Solutions (Malaysia) Sdn Bhd, Malaysia	NA	Step down Subsidiary	100.00	2(87)
5.	Xchanging Solutions (USA) Inc, USA	NA	Subsidiary	100.00	2(87)
6.	Nexplicit Infotech India Private Limited	U72200 KA2004 PTC047543	Step down Subsidiary	100.00	2 (87)

## 4. Shareholding Pattern (Equity Share Capital Breakup as percentage of Total Equity)

## a) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year 01/01/2016				No. of Shares held at the end of the year 31/03/2017				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoter &amp; Promoter Group</b>									
<b>1) Indian</b>									
a) Individual/ HUF	0	0	0	0.0	0	0	0	0.0	0
b) Central Govt /State Govt(s)	0	0	0	0.0	0	0	0	0.0	0
c) Bodies Corp	25550000	0	25550000	22.93	25551115	4200047	29751162	26.71	3.77
d) Banks / FI	0	0	0	0.0	0	0	0	0.0	0
e) Others	0	0	0	0.0	0	0	0	0.0	0
<b>Sub total (A)(1):</b>	<b>25550000</b>	<b>0</b>	<b>25550000</b>	<b>22.93</b>	<b>25551115</b>	<b>4200047</b>	<b>29751162</b>	<b>26.71</b>	<b>3.77</b>
<b>2) Foreign</b>									
g) NRIs-Individuals	0	0	0	0.00	0	0	0	0	0.00
h) Other-Individuals	0	0	0	0.00	0	0	0	0	0.00
i) Bodies Corp.	58002787	0	58002787	52.07	58002787	0	58002787	52.07	0.00
j) Banks / FI	0	0	0	0.00	0	0	0	0	0.00
<b>Sub-total (A)(2): -</b>	<b>58002787</b>	<b>0</b>	<b>58002787</b>	<b>52.07</b>	<b>58002787</b>	<b>0</b>	<b>58002787</b>	<b>52.07</b>	<b>0.00</b>
<b>Total shareholding of Promoter (A) = (A1) + (A2)</b>	<b>83552787</b>	<b>0</b>	<b>83552787</b>	<b>75.00</b>	<b>83553902</b>	<b>4200047</b>	<b>87753949</b>	<b>78.77</b>	<b>3.77</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	300	0	300	0.00	300	0	300	0.00	0.00
b) Banks / FI	403882	0	403882	0.36	403882	0	403882	0.36	0.00
c) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g) Foreign Institutional Investors	1117	0	1117	0.00	0	0	0	0.00	0.00
h) Foreign Venture Capital investors	0	0	0	0.00	0	0	0	0.00	0.00
i) Qualified Foreign Investors	0	0	0	0.00	0	0	0	0.00	0.00
j) Others	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-total (B)(1)</b>	<b>405299</b>	<b>0</b>	<b>405299</b>	<b>0.36</b>	<b>404182</b>	<b>0</b>	<b>404182</b>	<b>0.36</b>	<b>0.00</b>

## Annexure – VI to Boards' Report

Category of Shareholders	No. of Shares held at the beginning of the year 01/01/2016				No. of Shares held at the end of the year 31/03/2017				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>2. Non-Institutions</b>									
a) Bodies Corp.	1296465	10937	1307402	1.17	13038235	10937	13049172	11.71	10.54
b) Individuals									
i) Individual shareholders holding nominal share capital up to Rs. 1 lakh	3996263	92340	4088603	3.67	4454497	91190	4545687	4.08	0.41
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	1483729	0	1483729	1.33	2488677	0	2488677	2.23	0.90
c) Others									
Clearing Members	90808	0	90808	0.08	83909	0	83909	0.08	0.01
Foreign Bodies	3008287	0	3008287	2.70	3008287	0	3008287	2.70	0.00
Foreign Bodies Corporates	13167551	0	13167551	11.82	0	0	0	0.00	11.82
Foreign Nationals	12437	0	12437	0.01	12437	0	12437	0.01	0.00
Non-resident Indians	64182	5527	69709	0.06	32226	5527	37753	0.03	0.03
NRI non-repatriation	0	0	0	0.00	17042	0	17042	0.02	0.02
Overseas corporate bodies	300	0	300	0.00	300	0	300	0.00	0.00
NBFC	16556	0	16556	0.01	2100	0	2100	0.00	0.01
Trusts	201	4200047	4200248	3.77	221	0	221	0.00	3.77
d) Qualified Foreign Investors	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (B)(2)	23136779	4308851	27445630	24.64	23137931	107654	23245585	20.87	3.77
Total (B)=(B)(1) + (B)(2)	23542078	4308851	27850929	25.00	23542113	107654	23649767	21.23	3.77
Total (A+B)	107094865	4308851	111403716	100.00	107096015	4307701	111403716	100.00	0.00
<b>C. Shares held by Custodian against which depository receipt have been issued</b>									
1. Promoter and Promoter Group	0	0	0	0.00	0	0	0	0.00	0.00
2. Public	0	0	0	0.00	0	0	0	0.00	0.00
<b>Grand Total (A+B+C)</b>	<b>107094865</b>	<b>4308851</b>	<b>111403716</b>	<b>100.00</b>	<b>107096015</b>	<b>4307701</b>	<b>111403716</b>	<b>100.00</b>	



## b) Shareholding of Promoters

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			
		No. of Shares	% of total shares of the company	% of shares Pledged/encumbered to total shares	No. of Shares	% of total shares of the company	% of shares Pledged/encumbered to total shares	% change in share holding during the year
1.	Xchanging Mauritius Limited	58002787	52.07	Nil	58002787	52.07	Nil	Nil
2.	Xchanging Technology Services India Private Limited	25550000	22.93	Nil	25550000	22.93	Nil	Nil
3.	CSC Technologies India Private Limited	0	0	Nil	4201162	3.77	Nil	3.77

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

S. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Xchanging Mauritius Limited	58002787	52.07	-	-
	Xchanging Technology Services India Private Limited	25550000	22.93	-	-
2.	Xchanging Mauritius Limited	-	-	58002787	52.07
	Xchanging Technology Services India Private Limited	-	-	25550000	22.9
	CSC Technologies India Private Limited*	-	-	4201162	3.77

\* On 6 January 2017, CSC Technologies India Private Limited acquired 4,201,162 shares through mandatory open offer.

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

S. No	Name of the Share Holder	Shareholding beginning at the of theYear		Date	Type	Increase/Decrease in share holding	Reason	Cumulative Shareholding during the Year	
		No of Shares	% of total shares of the company					No of Shares	% of total shares of the company
1.	SCANDENT HOLDINGS MAURITIUS LIMITED	13167551	11.82	01/01/2016	Opening Balance			13167551	11.82
				26/08/2016	Sale	-13167551	Transfer	0	0.00
				16/09/2016	Purchase	13167551	Transfer	13167551	11.82
				23/12/2016	Sale	-13167551	Transfer	0	0.00
				31/03/2017	Closing Balance			0	0.00

## Annexure – VI to Boards' Report

S. No	Name of the Share Holder	Shareholding beginning at the of theYear		Date	Type	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the Year	
		No of Shares	% of total shares of the company					No of Shares	% of total shares of the company
2.	EDELWEISS CUSTODIAL SERVICES LIMITED (Edelweiss Custodial Services Limited has been holding shares as collateral on behalf of Scandent Holding Mauritius Limited	0	0.00	01/01/2016	Opening Balance			0	0.00
				03/02/2017	Purchase	11965158	Transfer	11965158	10.74
				10/02/2017	Sale	-100000	Transfer	11865158	10.65
				17/02/2017	Sale	-20000	Transfer	11845158	10.63
				10/03/2017	Sale	-154150	Transfer	11691008	10.49
				31/03/2017	Closing Balance			11691008	10.49
3.	KATRA FINANCE LIMITED	3008287	2.70	01/01/2016	Opening Balance			3008287	2.70
				31/03/2017	Closing Balance			3008287	2.70
4.	Life Insurance Corporation of India	388382	0.35	01/01/2016	Opening Balance			388382	0.35
				31/03/2017	Closing Balance			388382	0.35
5.	R. B. K. SHARE BROKING LTD.	302500	0.27	01/01/2016	Opening Balance			302500	0.27
				08/01/2016	Purchase	500	Transfer	303000	0.27
				22/01/2016	Sale	-426	Transfer	302574	0.27
				15/04/2016	Sale	-194	Transfer	302380	0.27
				22/04/2016	Purchase	194	Transfer	302574	0.27
				29/04/2016	Sale	-550	Transfer	302024	0.27
				06/05/2016	Purchase	550	Transfer	302574	0.27
				13/05/2016	Sale	-344	Transfer	302230	0.27
				20/05/2016	Purchase	344	Transfer	302574	0.27
				10/06/2016	Sale	-1000	Transfer	301574	0.27
				17/06/2016	Sale	-4000	Transfer	297574	0.27
				19/08/2016	Purchase	344	Transfer	297918	0.27
				26/08/2016	Sale	-275344	Transfer	22574	0.02
				09/09/2016	Purchase	346812	Transfer	369386	0.33
				16/09/2016	Sale	-1312	Transfer	368074	0.33
				30/09/2016	Sale	-4804	Transfer	363270	0.33
				07/10/2016	Purchase	4804	Transfer	368074	0.33
				28/10/2016	Sale	-9484	Transfer	358590	0.32
				04/11/2016	Purchase	6484	Transfer	365074	0.33
				02/12/2016	Sale	-2000	Transfer	363074	0.33
		30/12/2016	Purchase	2000	Transfer	365074	0.33		
		06/01/2017	Purchase	101500	Transfer	466574	0.42		
		20/01/2017	Sale	-450	Transfer	466124	0.42		
		27/01/2017	Sale	-50	Transfer	466074	0.42		

## Annexure – VI to Boards' Report

S. No	Name of the Share Holder	Shareholding beginning at the of theYear		Date	Type	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the Year	
		No of Shares	% of total shares of the company					No of Shares	% of total shares of the company
				10/03/2017	Sale	-200000	Transfer	266074	0.24
				31/03/2017	Sale	-28000	Transfer	238074	0.21
				31/03/2017	Closing Balance			215500	0.19
6.	Chandraprakash Khandelwal	0	0.00	01/01/2016	Opening Balance			0	0.00
				10/03/2017	Purchase	200000	Transfer	200000	0.18
				31/03/2017	Purchase	28000	Transfer	228000	0.20
				31/03/2017	Closing Balance			228000	0.20
7.	SANGEETA PRITMANI	149695	0.13	01/01/2016	Opening Balance			149695	0.13
				09/09/2016	Purchase	1100	Transfer	150795	0.14
				16/09/2016	Purchase	200	Transfer	150995	0.14
				23/09/2016	Purchase	100	Transfer	151095	0.14
				21/10/2016	Purchase	100	Transfer	151195	0.14
				28/10/2016	Purchase	100	Transfer	151295	0.14
				11/11/2016	Purchase	400	Transfer	151695	0.14
				18/11/2016	Purchase	200	Transfer	151895	0.14
				25/11/2016	Purchase	101	Transfer	151996	0.14
				09/12/2016	Purchase	550	Transfer	152546	0.14
				06/01/2017	Purchase	100	Transfer	152646	0.14
				24/03/2017	Purchase	200	Transfer	152846	0.14
				31/03/2017	Purchase	1200	Transfer	154046	0.14
				31/03/2017	Closing Balance			154046	0.14
8.	VIVEK CHAND BURMAN	132500	0.12	01/01/2016	Opening Balance			132500	0.12
				31/03/2017	Closing Balance			132500	0.12
9.	EDELWEISS BROKING LTD	10828	0.01	01/01/2016	Opening Balance			10828	0.01
				01/01/2016	Purchase	3700	Transfer	14528	0.01
				01/01/2016	Sale	-4300	Transfer	10228	0.01
				08/01/2016	Purchase	311	Transfer	10539	0.01
				08/01/2016	Sale	-2138	Transfer	8401	0.01
				15/01/2016	Purchase	1805	Transfer	10206	0.01
				22/01/2016	Purchase	181	Transfer	10387	0.01
				22/01/2016	Sale	-301	Transfer	10086	0.01
				29/01/2016	Purchase	2050	Transfer	12136	0.01
				29/01/2016	Sale	-1991	Transfer	10145	0.01
				05/02/2016	Purchase	263	Transfer	10408	0.01

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		No of Shares	% of total shares of the company					No of Shares	% of total shares of the company
				05/02/2016	Sale	-13	Transfer	10395	0.01
				12/02/2016	Purchase	63	Transfer	10458	0.01
				12/02/2016	Sale	-198	Transfer	10260	0.01
				19/02/2016	Sale	-2748	Transfer	7512	0.01
				26/02/2016	Purchase	278	Transfer	7790	0.01
				26/02/2016	Sale	-250	Transfer	7540	0.01
				04/03/2016	Purchase	96	Transfer	7636	0.01
				04/03/2016	Sale	-276	Transfer	7360	0.01
				11/03/2016	Purchase	47	Transfer	7407	0.01
				18/03/2016	Purchase	200	Transfer	7607	0.01
				18/03/2016	Sale	-4589	Transfer	3018	0.00
				25/03/2016	Sale	-200	Transfer	2818	0.00
				01/04/2016	Purchase	50	Transfer	2868	0.00
				08/04/2016	Sale	-50	Transfer	2818	0.00
				06/05/2016	Purchase	2800	Transfer	5618	0.01
				13/05/2016	Purchase	150	Transfer	5768	0.01
				13/05/2016	Sale	-1873	Transfer	3895	0.00
				20/05/2016	Purchase	197	Transfer	4092	0.00
				20/05/2016	Sale	-1077	Transfer	3015	0.00
				10/06/2016	Purchase	88	Transfer	3103	0.00
				17/06/2016	Purchase	112	Transfer	3215	0.00
				17/06/2016	Sale	-347	Transfer	2868	0.00
				24/06/2016	Sale	-200	Transfer	2668	0.00
				30/06/2016	Purchase	4414	Transfer	7082	0.01
				01/07/2016	Sale	-2087	Transfer	4995	0.00
				08/07/2016	Purchase	2592	Transfer	7587	0.01
				15/07/2016	Purchase	586	Transfer	8173	0.01
				15/07/2016	Sale	-201	Transfer	7972	0.01
				22/07/2016	Purchase	300	Transfer	8272	0.01
				22/07/2016	Sale	-1098	Transfer	7174	0.01
				29/07/2016	Sale	-250	Transfer	6924	0.01
				05/08/2016	Purchase	400	Transfer	7324	0.01
				05/08/2016	Sale	-200	Transfer	7124	0.01
				12/08/2016	Purchase	658	Transfer	7782	0.01
				12/08/2016	Sale	-400	Transfer	7382	0.01
				19/08/2016	Purchase	4660	Transfer	12042	0.01
				19/08/2016	Sale	-308	Transfer	11734	0.01
				26/08/2016	Purchase	7163	Transfer	18897	0.02
				26/08/2016	Sale	-4696	Transfer	14201	0.01
				02/09/2016	Purchase	100	Transfer	14301	0.01

EDELWEISS  
BROKING LTD

## Annexure – VI to Boards' Report

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		No of Shares	% of total shares of the company					No of Shares	% of total shares of the company
	EDELWEISS BROKING LTD			02/09/2016	Sale	-11513	Transfer	2788	0.00
				09/09/2016	Purchase	1959	Transfer	4747	0.00
				16/09/2016	Purchase	3890	Transfer	8637	0.01
				16/09/2016	Sale	-1755	Transfer	6882	0.01
				23/09/2016	Purchase	1050	Transfer	7932	0.01
				23/09/2016	Sale	-200	Transfer	7732	0.01
				30/09/2016	Purchase	326	Transfer	8058	0.01
				07/10/2016	Sale	-301	Transfer	7757	0.01
				14/10/2016	Purchase	300	Transfer	8057	0.01
				14/10/2016	Sale	-100	Transfer	7957	0.01
				21/10/2016	Purchase	100	Transfer	8057	0.01
				28/10/2016	Purchase	1550	Transfer	9607	0.01
				28/10/2016	Sale	-2268	Transfer	7339	0.01
				04/11/2016	Purchase	50	Transfer	7389	0.01
				04/11/2016	Sale	-1300	Transfer	6089	0.01
				11/11/2016	Purchase	19206	Transfer	25295	0.02
				11/11/2016	Sale	-455	Transfer	24840	0.02
				18/11/2016	Purchase	8108	Transfer	32948	0.03
				18/11/2016	Sale	-4708	Transfer	28240	0.03
				25/11/2016	Purchase	2900	Transfer	31140	0.03
				25/11/2016	Sale	-1	Transfer	31139	0.03
				02/12/2016	Purchase	2400	Transfer	33539	0.03
				02/12/2016	Sale	-79	Transfer	33460	0.03
				09/12/2016	Purchase	7560	Transfer	41020	0.04
				09/12/2016	Sale	-6681	Transfer	34339	0.03
				16/12/2016	Purchase	2159	Transfer	36498	0.03
				16/12/2016	Sale	-7785	Transfer	28713	0.03
				23/12/2016	Purchase	1791	Transfer	30504	0.03
				23/12/2016	Sale	-5100	Transfer	25404	0.02
				30/12/2016	Purchase	13900	Transfer	39304	0.04
				06/01/2017	Purchase	38212	Transfer	77516	0.07
				13/01/2017	Purchase	10000	Transfer	87516	0.08
				13/01/2017	Sale	-11007	Transfer	76509	0.07
			20/01/2017	Purchase	23212	Transfer	99721	0.09	
			20/01/2017	Sale	-13364	Transfer	86357	0.08	
			27/01/2017	Purchase	5450	Transfer	91807	0.08	
			27/01/2017	Sale	-11264	Transfer	80543	0.07	
			03/02/2017	Purchase	12868	Transfer	93411	0.08	
			03/02/2017	Sale	-15049	Transfer	78362	0.07	
			10/02/2017	Purchase	2554	Transfer	80916	0.07	

## Annexure – VI to Boards' Report

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		No of Shares	% of total shares of the company					No of Shares	% of total shares of the company
	EDELWEISS BROKING LTD			10/02/2017	Sale	-20852	Transfer	60064	0.05
				17/02/2017	Purchase	18700	Transfer	78764	0.07
				17/02/2017	Sale	-1674	Transfer	77090	0.07
				24/02/2017	Purchase	9000	Transfer	86090	0.08
				24/02/2017	Sale	-8625	Transfer	77465	0.07
				03/03/2017	Purchase	4777	Transfer	82242	0.07
				03/03/2017	Sale	-1884	Transfer	80358	0.07
				10/03/2017	Purchase	53140	Transfer	133498	0.12
				10/03/2017	Sale	-8116	Transfer	125382	0.11
				17/03/2017	Purchase	700	Transfer	126082	0.11
				17/03/2017	Sale	-2628	Transfer	123454	0.11
				24/03/2017	Purchase	51100	Transfer	174554	0.16
				24/03/2017	Sale	-51500	Transfer	123054	0.11
				31/03/2017	Purchase	4590	Transfer	127644	0.11
				31/03/2017	Sale	-200	Transfer	127444	0.11
		31/03/2017	Closing Balance				127444	0.11	
10.	M B FINMART PRIVATE LIMITED	100000	0.09	01/01/2016	Opening Balance			100000	0.09
				04/03/2016	Sale	-100000	Transfer	0	0.00
				31/03/2017	Closing Balance			0	0.00
11.	RAMESH DAMANI	0	0.00	01/01/2016	Opening Balance			0	0.00
				16/09/2016	Purchase	25000	Transfer	25000	0.02
				28/10/2016	Purchase	78827	Transfer	103827	0.09
				25/11/2016	Purchase	45000	Transfer	148827	0.13
				16/12/2016	Sale	-373	Transfer	148454	0.13
				20/01/2017	Sale	-50000	Transfer	98454	0.09
				31/03/2017	Closing Balance			98454	0.09

## e) Shareholding of Directors and Key Managerial Personnel as on the closure of the Financial Period:

S. No.	Names of Director and Key Managerial Personnel	Shareholding at the beginning of the year	Shareholding at the end of the year
1.	David Bauernfeind ( <i>till 27 May 2016</i> )	NIL	NIL
2.	Alok Kumar Sinha ( <i>till 10 November 2016</i> )	NIL	NIL
3.	Srinivasan Raghavan Venkatavardhan ( <i>6 June 2016 onwards</i> )	NIL	NIL
4.	Srikrishna Madhavan ( <i>11 November 2016 onwards</i> )	NIL	NIL
5.	Ashok Kumar Ramanathan	NIL	NIL
6.	Henry D Souza	NIL	NIL
7.	Rekha Murthy ( <i>29 May 2017 onwards</i> )	NIL	NIL
8.	Gopika Pant ( <i>till 29 May 2017</i> )	NIL	NIL
9.	Vinod Goel ( <i>till 15 June 2016</i> )	NIL	NIL
10.	Rajeev Kachhal ( <i>From 27 June 2016 till 9 January 2017</i> )	NIL	NIL
11.	Mayank Jain ( <i>26 February 2016 onwards</i> )	NIL	One share

## 5. Indebtedness

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1,43,66,262	-	-	1,43,66,262
ii) Interest due but not paid				
iii) Interest accrued but not	24,02,230	-	-	24,02,230
<b>Total (i+ii+iii)</b>	<b>1,67,68,492</b>	<b>-</b>	<b>-</b>	<b>1,67,68,492</b>
Change in Indebtedness during the financial year				
<b>Principal</b>				
- Addition	43,94,400	-	-	43,94,400
- Reduction	107,25,132	-	-	107,25,132
<b>Interest</b>				
- Reduction	13,12,135	-	-	13,12,135
Net Change				
- Principal	63,30,732	-	-	63,30,732
- Interest	13,12,135	-	-	13,12,135
Indebtedness at the end of the financial year)				
i) Principal Amount	80,35,530	-	-	80,35,530
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	10,90,095	-	-	10,90,095
<b>Total (i+ii+iii)</b>	<b>91,25,626</b>	<b>-</b>	<b>-</b>	<b>91,25,626</b>

## Annexure – VI to Boards' Report

### 6. Remuneration of Directors and Key Managerial Personnel

#### A Remuneration to Managing Director, Whole-time Directors and / or Manager

(INR in Lakhs)

S. No.	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
		MD*	WTD*	Manager	
1	Gross salary: a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 b) Value of perquisites u/s 17(2) Income-tax Act, 1961 c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	36.00	-	36.00
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - as % of profit - others, specify...	-	-	-	-
5.	Others, please specify	-	-	-	-
6.	Total (A)	-	36.00	-	36.00
	Ceiling as per the Act	It is in accordance with the ceiling as specified under section 197 of the Companies Act, 2013.			

# The remuneration above is for Alok Kumar Sinha for the period from 01 January 2016 to 10 November 2016.

#### B Remuneration to other directors:

(INR in Lakhs)

S. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Ashok Kumar Ramanathan	Henry D Souza	Gopika Pant		
1	1. Independent Directors • Fee for attending board / committee meetings • Commission • Others, please specify	14.00	12.00	8.20	34.20	
2	Total (1)	14.00	12.00	8.20	34.20	
3	2. Other Non-Executive Directors • Fee for attending board / committee meetings • Commission • Others, please specify.	N.A	N.A	N.A	N.A	
4	Total (2)	N.A	N.A	N.A	N.A	
5	Total (B)=(1+2)	14.00	12.00	8.20	34.20	
6	Total Managerial Remuneration	N.A	N.A	N.A	N.A	
7	Overall Ceiling as per the Act	It is in accordance with the ceiling as specified under Companies Act, 2013.				



**C Remuneration to key managerial personnel other than MD/manager/WTD:**

(INR in Lakhs)

S. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1	Gross salary: (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	36.00	9.00	40.00	85.00
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission - as % of profit - Others, specify.	-	-	-	-
5	Others, please specify.	-	-	-	-
6	Total	36.00	9.00	40.00	85.00

**7. 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)
<b>A. Company</b>					
Penalty	N.A.	N.A.	N.A.	N.A.	N.A.
Punishment	N.A.	N.A.	N.A.	N.A.	N.A.
Compounding	N.A.	N.A.	N.A.	N.A.	N.A.
<b>B. Directors</b>					
Penalty	N.A.	N.A.	N.A.	N.A.	N.A.
Punishment	N.A.	N.A.	N.A.	N.A.	N.A.
Compounding	N.A.	N.A.	N.A.	N.A.	N.A.
<b>C. Other Officers In Default</b>					
Penalty	N.A.	N.A.	N.A.	N.A.	N.A.
Punishment	N.A.	N.A.	N.A.	N.A.	N.A.
Compounding	N.A.	N.A.	N.A.	N.A.	N.A.

# MANAGEMENT DISCUSSION AND ANALYSIS

## OVERVIEW

Xchanging Solutions Limited was incorporated on 01 February 2002 with operations in India, and an international presence established through subsidiaries in several countries.

DXC Technology Company was formed from the merger of Computer Sciences Corporation and Enterprises Services business of Hewlett Packard Enterprises on April 3, 2017 in USA, listed on New York Stock Exchange, through its indirect subsidiaries Xchanging (Mauritius) Limited, Xchanging Technologies Services India Private Limited and CSC Technologies India Private Limited owns 78.77% of the outstanding share capital of the Company. DXC Technology Company and its subsidiaries including Xchanging Solutions Limited, are hereafter referred to as “a DXC Technology Company”.

### \* INDUSTRY STRUCTURE, OVERVIEW AND TRENDS; OPPORTUNITIES, THREATS AND OUTLOOK

According to NASSCOM, against the proverbial backdrop of VUCA (volatility, uncertainty, complexity and ambiguity) - arguably two times over - global technology industry saw fairly modest, yet commendable growth, about 4%, after a couple of years of remaining flat. The global IT-BPM market stood at USD 1.2 trillion in 2016 (excl. hardware) driven by the age of customers, it propelled CIOs to invest in business technologies in a bid to capture the always-shifting stickiness factor and sustain competitiveness.

The time has come to seriously examine the proposition – is software eating the world? Perhaps a few data points if cited, may tilt the argument in its favour. Growth was experienced in the following sectors: IT Services (due to cloud); BPM at 4% (increased adoption of BPaaS & RPA); packaged software at 6.2% was the highest, and Global R&D at a little over 1%. Interestingly, but not belying expectations, the growth in hardware segment declined in 2016 (USD 971 billion) vis-à-vis 2015 (USD 973 billion) impacted by declining demand for PCs.

Global sourcing market growth continues to outperform IT-BPM spend growth; in 2016, global sourcing grew 1.7 times to reach USD 173-178 billion. India continued as the world's No. 1 sourcing destination with a healthy and significant share of 55%.

### \* GLOBAL IT-BPM INDUSTRY (INFORMATION TECHNOLOGY- BUSINESS PROCESS MANAGEMENT)

2016 was also the year when global technology industry saw fairly modest rise in growth, about 4%, after a couple of years of flat growth. Global IT-BPM market stood at USD 1.2 trillion in 2016 (excl. hardware). And the ongoing need for firms to adapt to the age of the customer is pushing CIOs to invest in the business technology agenda for winning, serving and retaining customers.

- IT services grew due to investments in cloud infrastructure and buyer's acceptance of the cloud model.
- BPM grew 4%; key drivers include increased cloud (BPaaS) adoption across industries, RPA and adherence to various government compliances.
- Packaged software: Was the fastest growth segment (6.2%) in 2016. Investments being done on applications that facilitate enterprise and IT operations, such as enterprise resource management and operations & manufacturing applications, collaborative applications, SaaS, etc.
- The growth in hardware segment declined in 2016 (USD 971 billion) vis-à-vis 2015 (USD 973 billion) impacted by declining demand for PCs.
- Global ER&D spend grew a little less than 1% to USD 1.5 trillion, impacted by the strengthening of the US dollar against other major currencies.

Global sourcing market growth continues to outperform IT-BPM spend growth; in 2016, global sourcing grew 1.7X to reach USD 173-178 billion. India continued as the world's No.1 sourcing destination with a share of 55%. New delivery centres set up worldwide in 2016 grew ~ 32% to 258 centres with 15% being set up in India and over 53% in Europe and Latin America a testament of the growing near shore model.

### \* INDIAN IT-BPM

In FY2017, IT-BPM exports from India is expected to reach USD 117 billion, a 7.6% Y-o-Y growth. ER&D continues to be the fastest growing segment at 10.5%, driven by global OEMs increasingly embedding software & services into their products. IT services growing at 7% is driven by growth in software testing and ISO. BPM exports, at 7.5% Y-o-Y growth is being driven by cloud (BPaaS), mobility and advanced analytics. The trend and the factors contributing to growth are similar to global markets, and encouragingly, at a faster rate.

## Management Discussion and Analysis

In FY 2017, India's domestic IT-BPM market is likely to grow 8.5% Y-o-Y to reach USD 38 billion (excl. eCommerce). Rapid digitisation and GST implementation is expected to further catalyse growth. With > 375 million Internet subscribers, India has the 2nd largest user base after China. It is most aggressive in global market shares across segments, be it the number of internet users, smartphone users, app downloads, and online payments. There is significant push from the government to go digital and recognised by the global technology giants. The year-end also witnessed demonetisation of higher value notes, which is giving a significant boost to digital payments – leading to a cashless, paperless economy.

### \* OUTLOOK

By 2020, India's IT-BPM sector total revenue is projected to reach USD 200-225 billion and between USD 350-400 billion by 2025. Digital technologies will continue to define the sector and revenue from these is likely to have a 23 % share by 2020 and > 38 % by 2025. Indian service providers face a significant opportunity as digital technologies continue to be embedded in an ever widening range of products and services.

To avail this growing opportunity, firms have to develop offerings along new digital service lines, while re-inventing traditional declining service lines. The need of the hour is to invest in a portfolio with fundamentally different economics, putting more resources towards transformational and disruptive technologies, re-skill the existing resource pool, build capabilities and forge partnerships with niche players and platforms to develop an ecosystem to deliver digital solutions.

### \* INDIA'S VALUE PROPOSITION: PARTNER OF THE FUTURE

India is setting itself up to be the digital transformation partner for global businesses. Over the past 25 years, it has set up an USD 154 billion business; which comprises over 16,000 firms that span every technology segment, with over 8,000 firms offering digital solutions. It has continuously been the world's No. 1 preferred location for setting up technology business; is one of the world's fastest growth economies and emerging as the R&D hub for global MNCs in digital technologies. India is also home to 4,750+ start-ups offering a ready ecosystem for collaboration and partnerships in niche technology areas. Its global operating model has over 700 ODCs across 80 countries and offers flexibility in terms of business and pricing models.

\* Source: Nasscom Strategic Review 2017

### RISKS AND CONCERNS

The Company maintains risk registers covering each aspect of the business and the operations. We review our whole risk hierarchy at least annually, which helps in ensuring that we have a consistent approach and focus on the potential risks.

We analyse the nature and extent of risks and consider their likelihood of occurrence and impact; both on an inherent and residual basis, after taking into account mitigating and compensating controls. This allows us to determine how we should manage each risk in order to achieve our strategic objectives.

### HOW WE MANAGE RISK

In managing risk we analyse the nature and extent of risks and consider their likelihood and impact, both on an inherent and a residual basis, after taking account of mitigating controls. This allows us to determine how we should manage each risk in order to achieve our strategic objectives.

Risk registers are maintained in a hierarchy across the business and include risks which are strategic, commercial, operational and financial in nature.

- Strategic risks reflect the potential for a significant strategic action or a failure to react to developing trends in the market, to have a financial impact on the economic value of our business.
- Commercial risks reflect the potential to enter into a critical contract or commercial arrangement which may have an adverse impact on the business.
- Operational risks reflect the potential for the failure of a critical process or procedure to have an adverse impact on the business.

OVERVIEW OF RISK MANAGEMENT PROCESS



STRATEGIC RISKS	
Risk	Mitigating Actions
Failure to utilise and exploit technology enablement for growth.	<p>The rapidly changing nature and impact of technology means that we need to respond to technology trends. Injecting technology enablement into our services and products is core to our growth strategy as we continue to:</p> <ul style="list-style-type: none"> <li>Invest in the development of new offerings.</li> <li>Develop innovative value adding customer solutions.</li> <li>Utilise our skilled knowledgeable resources.</li> <li>Review our existing services and products to ensure that they meet our customers' requirements.</li> </ul>
Failure to secure new business from both new and existing customers	<p>There are number of signicant changes in the sectors we operate in and the current economic environment results in pressure on our customers. Failure to secure new business could slow down the growth of the business. Successfully winning new business is managed by:</p> <ul style="list-style-type: none"> <li>Investing in innovative services and products for both new and existing customers.</li> <li>Ensuring utilisation of our technology capabilities and competitive low cost offshore services.</li> <li>Clearly defined offerings and sales strategies that help us to attract customers.</li> <li>Continual development of the unified sales strategy which enables selling across business sectors.</li> <li>Effective performance of sales team.</li> </ul>
COMMERCIAL RISKS	
Risk	Mitigating Actions
We have a concentration of material contracts with customers in key markets, which may have a significant impact on the Group's performance.	<p>Our commercial risks continue to be well managed through legal review, delegated authorities and contract monitoring processes.</p> <p>We have a structured service management programme, with dedicated account managers who</p>

## Management Discussion and Analysis

	work closely with our customers utilising performance metrics in order to identify issues early and trigger corrective actions.
<b>OPERATIONAL RISKS</b>	
<b>Risk</b>	<b>Mitigating Actions</b>
Our reputation and ultimately our profitability are reliant on successful implementation and delivery of new contracts.	<p>We ensure successful implementation in the following ways:-</p> <ul style="list-style-type: none"> <li>• Detailed implementation and delivery plans with strong management control and oversight.</li> <li>• Use of experienced employees with strong project, change and people management skills in order to ensure successful implementation.</li> <li>• Standardised procedures in use for the implementation and delivery of new contracts.</li> </ul>
Our customers demand efficient processing and high levels of service to help them achieve their objectives and protect their reputation.	<p>Failure to meet our customers' expectations and contractual commitments would have a significant impact upon our reputation and profitability and could result in unexpected and costly litigation.</p> <p>We consistently work towards ensuring that our service levels are on target ensuring that we meet our customer requirements.</p> <p>Mitigating actions include:-</p> <ul style="list-style-type: none"> <li>• Consistently ensuring that our service levels are on target.</li> <li>• Optimising our cost of delivery through standardisation and simplification.</li> <li>• Investing internally in Group change programmes to improve our shared service centre and support services.</li> <li>• Ongoing contract management.</li> <li>• Building on existing customer relations.</li> </ul>
Continuing to retain our key personnel and recruit new talented individuals is fundamental to our success. Our intellectual property is one of our key assets.	<p>Succession plans are in place for senior managers across the business.</p> <ul style="list-style-type: none"> <li>• We have an established structure for employee performance and development monitoring.</li> <li>• A clear recruitment strategy and graduate recruitment and development programme attracts high-potential employees.</li> <li>• Significant investment in leadership training programmes underpins our succession plans, and develops our employees.</li> </ul>
<b>FINANCIAL RISKS</b>	
<b>Risk</b>	<b>Mitigating Actions</b>
The Group's financial results may be subject to volatility arising from movements in interest rates, foreign exchange rates, liquidity and changes in taxation legislation, policy or tax rates.	We continue to manage our financial risks through our established budgeting, forecasting and working capital and treasury controls. This reduces the volatility of our financial results, giving the Board greater medium-term visibility and ensuring we have the required credit facilities in place.

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Compliance Certification from CEO and CFO provided in Annual Report confirms the adequacy of our internal control system and procedures.

### DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:

#### A. OVERVIEW

The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP) and comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014.

The consolidated financial statements have been prepared in compliance with the standard AS - 21 on Consolidation of Accounts.

#### B. RESULTS OF OPERATIONS

##### 1. Review of Operations

During the current fifteen months ended 31 March 2017, the consolidated revenue of your Company was Rs. 30,727 Lakhs against Rs. 27,948 Lakhs during the previous year ended 31 December 2015 (12 months period). Other income of the Company for the current year was Rs. 1,390 Lakhs against Rs. 1,521 Lakhs in the previous year.

The company has only one primary segment viz, Information Technology (IT) services and accordingly the financials relate to this segment.

##### 2. Performance

The table below summarizes the consolidated financial performance during the year:

(INR in lakhs)

Particulars	For the Financial year ended Mar 31, 2017 (15 months period)	For the Financial year ended Dec 31, 2015 (12 months period)
Total Revenue	30,727	27,948
Other Income	1,390	1,521
Total Income	32,117	29,469
Total Expenditure	29,881	25,167
Profit before Interest Depreciation and Tax	2,236	4,302
Depreciation & Amortization	305	420
Finance Costs	15	19
Exceptional items Gain /(Loss)	-	-
Profit / (Loss) before Tax	1,916	3,863
Income Tax (including deferred tax)	156	943
Net Profit / (Loss) after Tax	1,760	2,920
Earnings / (Loss) per share Rs.	1.58	2.62

### 3. Geographic Profile

(INR in lakhs)

Geography	31 Mar 2017 (15 months period)		31 Dec 2015 (12 months period)	
	Revenue	%	Revenue	%
Europe	5,133	17%	6,233	22%
USA	16,534	54%	13,678	49%
India	1,177	4%	1,003	4%
Rest of the World	7,883	26%	7,034	25%
<b>Total</b>	<b>30,727</b>	<b>100%</b>	<b>27,948</b>	<b>100%</b>

### 4. Capital Markets

The Capital Market Information relating to the company's shares such as stock exchanges in which they are listed/traded, trading volume, stock price movements etc., has been provided in the Report on Corporate Governance (under the heading "General Shareholder Information") which forms part of the Annual Report 2016-17.

## MATERIAL DEVELOPMENTS IN HUMAN RESOURCES AND EMPLOYEE RELATIONS

### Developing Talent

Managing human resources effectively and efficiently plays a critical role in ensuring that a satisfied, motivated work force delivers quality services. It also plays an important role in increasing staff performance and productivity, enhancing an organization's competitive advantage, and contributing directly to the organizational goals. Satisfied, highly-motivated and loyal employees represent the basis of competitive company. The growth of satisfaction is to be reflected in the increase of productivity, improvement of the products' quality or rendered services and higher number of innovations.

The Company is highly employee oriented, and the focus is on the development of employees.

Financial year 2016-2017 witnessed that Computer Sciences Corporation (CSC), USA acquired Xchanging Group. Post acquisition, various policies of the Company including HR policies and processes have been aligned with the CSC policies and processes.

### Employee Diversity

The Company believes in promoting and nurturing work environment which is conducive to the development and growth of an individual employee, by employing the best HR practices such as performance management, reward and recognition policy, leadership development program, open work culture and effective employee communication.

We are committed to embedding a culture of diversity and inclusion across our Group. This includes ensuring opportunity for all and embraces the positive effect that our diverse workforce brings.

We do not tolerate any form of discrimination, and our employment policies and practices focus on ensuring that all our employment processes are free from unlawful discrimination on any grounds.

Xchanging Solutions Limited has a total of 309 employees on its rolls as of 31 March 2017.



# CORPORATE GOVERNANCE REPORT

## 1. COMPANY'S PHILOSOPHY

The Company is committed to the highest standards of corporate governance in all its activities and related processes. The Company believes that good corporate governance practices enable the management to direct and control the affairs of the Company in an efficient and effective manner and to achieve its goal of maximizing value for its shareholders. The Company believes that good corporate governance lies not merely in drafting a code of corporate governance but in practicing it.

The Company has put in place a good corporate governance policy and confirms its compliance with the applicable regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”).

## 2. BOARD OF DIRECTORS:

### A. Composition of Board of Directors:

The Board of Directors as on 31 March 2017 comprised of 5 (five) Directors of which 4 (four) are Non – Executive Directors. The Chairman is an Executive Director. The number of Independent Directors on the Board is 3 (three), which is more than 50% of the total number of Directors. The composition of Board is in conformity with Regulation 17 of the Listing Regulations entered with the Stock Exchanges.

Membership in Board and Sub - Committees of the Directors of the Company as on 31 March 2017 – other than Xchanging Solutions Limited (“**the Company**”) is as under:

Name of the Director	Category	DIN	No. of outside Directorships of public companies@	No. of outside Board level committees where chairperson or member #	
				Member	Chairman
<b>Executive Directors</b>					
Mr. Srikrishna Madhavan ( <b>Chairman</b> )	Promoter, Executive Director	02795373	-	-	-
<b>Non-Executive Director</b>					
Mr. Srinivasa Raghavan Venkatavaradhan	Promoter, Non-Executive Director	01803376	-	-	-
Mr. Ashok Kumar Ramanathan	Independent Director	02055559	-	-	-
Mr. Henry D Souza	Independent Director	00276157	1	-	-
Ms. Gopika Pant (till 29 May 2017)	Independent Director	00388675	2	-	-
Ms. Rekha Murthy (29 May 2017 onwards)	Independent Director	07825183	-	-	-

@ Excludes Directorships held in foreign companies, membership of management committees of various chambers / bodies / Section 8 Companies of the Companies Act, 2013.

# Includes only Audit Committee and Stakeholders' Relationship Committee.

None of the Independent Directors is a director in more than 7 (seven) listed companies. None of the Directors on the Board is a Member of more than 10 (ten) committees or Chairman of more than 5 (five) Committees across all the companies in which they are Director.



**B. Number of Board Meetings, Attendance of the Directors at Meetings of the Board and at the Annual General Meeting:**

During the financial period ended 31 March 2017 (15 months period commencing from January 1, 2016 to March 31, 2017), total 10 (ten) Board Meetings (including Board Meetings via video conferencing) were held on the following dates – 26 February 2016, 04 April 2016, 11 May 2016, 12 May 2016, 27 May 2016, 06 June 2016, 27 June 2016, 11 August 2016, 10 November 2016 and 10 February 2017. The gap between two meetings did not exceed 120 days. These meetings had good attendance. The last AGM of the Company held on 27 June 2016.

The attendance of the Directors' at these Meetings is as under:

Director	Category	Number of Board Meetings attended	Leave of Absence Granted	Attendance at the AGM
Mr. David Bauernfeind (till 27 May 2016)	Promoter, Non-Executive Director & Chairman	3	Yes	NA
Mr. Alok Kumar Sinha (till 10 November 2016)	Promoter, Executive Director & Chief Executive Officer	8	NA	Present
Mr. Srinivasa Raghavan Venkatavaradhan (06 June 2016 onwards)	Promoter, Non-Executive Director	5	NA	Present
Mr. Srikrishna Madhavan (11 November 2016 onwards)	Executive Director & Chief Executive Officer	-	Yes	NA
Mr. Ashok Kumar Ramanathan	Independent Director	10	NA	Present
Mr. Henry D Souza	Independent Director	9	Yes	NA
Ms. Gopika Pant (till 29 May 2017)	Independent Director	6	Yes	Not Present
Ms. Rekha Murthy (29 May 2017 onwards)	Independent Director	NA	NA	NA

**C. Meetings of Independent Directors**

During the financial period ended 31 March 2017, two separate meetings of the Independent Directors of the Company were held on 10 November 2016 and 14 December 2016 respectively without the attendance of Non-Independent Directors and the Management team.

During their meeting held on 10 November 2016, the Independent Directors discussed the matters specified in Schedule IV of the Act and Regulation 25 of the Listing Regulations.

Whereas, at their meeting held on 14 December 2016, the Committee of Independent Directors have given recommendation for mandatory open Offer to the Shareholders of the Company.

**D. Directors seeking Appointment/Re-appointment**

Mr. Srinivasa Raghavan Venkatavaradhan, Non-Executive Director of the Company is liable to retire by rotation and being eligible for re-appointment at the forthcoming Annual General Meeting of the Company has offered himself for re-appointment.

Mr. Srinivasa Raghavan Venkatavaradhan is a Member of the following Board Committees:

S. No.	Name of the Committee	Position held
1.	Audit Committee	Member
2.	Nomination & Remuneration Committee	Member

Further, Mr. Srikrishna Madhavan has been appointed as Managing Director (Additional Director), Chief Executive Officer and Chairman of the Board with effect from 11 November 2017.

The appointment of Mr. Srikrishna Madhavan as Managing Director, based on the recommendation of the Nomination and Remuneration Committee is recommended for your approval in the ensuing Annual General Meeting.

Mr. Srikrishna Madhavan is member of the following Board Committees:

S. No.	Name of the Committee	Position held
1.	CSR Committee	Member
2.	Stakeholder & Relationship Committee	Member

Moreover, Ms. Rekha Murthy is appointed as Additional Director (Independent Director) w.e.f. 29<sup>th</sup> May, 2017 by the Board of Directors through resolution by circulation, pursuant to provisions of the Companies Act, 2013.

Independent Directors are required to be appointed in accordance with Section 149 of the Act and that the requirement of retirement by rotation shall not be applicable to the Independent Directors. Accordingly, the resolution for appointment of Ms. Rekha Murthy as Independent Director for a term of 5 (five) years are being placed for your approval in the ensuing Annual General Meeting.

The Company has received declarations from Ms. Rekha Murthy, Independent Director of the Company confirming that she meets the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 as well as applicable Regulation of the Listing Regulations.

Ms. Rekha Murthy is member of the following Board Committees:

S. No.	Name of the Committee	Position held
1.	CSR Committee	Member
2.	Stakeholder & Relationship Committee	Member
3.	Audit Committee	Member
4.	Nomination & Remuneration Committee	Member

As required under Regulation 36 of Listing Regulations, brief resume, details of experience and other Directorships/Committee memberships/ Chairmanships held by the Directors in other companies, whose appointment/ re-appointment is due in the forthcoming Annual General Meeting of the Company, forms part of the Notice convening AGM.

### E. Code of Conduct

The Board has formulated and adopted a Code of Conduct for all Board Members and Senior Management Personnel of the Company. These Codes have been posted on the Company's website at <http://www.xchanging.com/investor-relations/xsl-content>.

Affirmation Report on Compliance of Code of Conduct has been received from the Board Members and Senior Management Personnel of the Company. A declaration to that effect is given in the Compliance Certificate Annexed to the report.

The Code of Conduct for the Board Members of the Company has been amended in line with the provisions of the Companies Act, 2013 ("Act"), which includes Code for Independent Directors, which is a guide to professional conduct for Independent Directors of the Company pursuant to section 149(8) and Schedule IV of the Act.

### F. Compliance Certification

As required under Regulation 17(8) read with Part B of Schedule II of the Listing Regulations, Mr. Srikrishna Madhavan, Executive Director and Chief Executive Officer and Mr. Suresh Akella, Chief Financial Officer of the Company have certified to the Board regarding the Financial Statements for the financial period ended 31 March 2017. The Certificate is annexed to this Report as **Annexure-A**.

**G. Board Evaluation**

As required under the provisions of Section 134(3)(p) of the Act and Regulation 4 of the Listing Regulations, the Board and Committees of the Board have carried out annual evaluation of own performance. The performance evaluation framework is in place and the evaluation questionnaires were circulated to all the members of the Board and Committees for their response to evaluate performance of Board and Committees of the Board.

The criteria of evaluation is exercising of responsibilities in the interest of the Company, striving to attend meetings of the Board of Directors and Committees of which he is a member, participating constructively and actively in the meetings of the Board or committees of the Board etc.

**H. Familiarization Programme for Independent Directors**

As per Regulation 46(2)(i) of Listing Regulations, the details of programs for familiarization of the Independent Directors with the Company, their roles, rights, responsibility in the Company, nature of the industry in which the Company operates, business model of the Company and related matters are available on the website of the Company at <http://www.xchanging.com/investor-relations/xsl-content>.

**5. POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES:**

**A. Remuneration Policy**

Pursuant to the provisions of Section 178 of the Act, the Company has adopted a Policy for Remuneration of Directors, Key Managerial Personnel and Senior Management, which has been approved by the Board of the Company at its Meeting held on 7 November 2014 based on the recommendations made by the Nomination and Remuneration Committee.

**Appointment**

Nomination and Remuneration Committee (“**NRC**”) determines the criteria of appointment to the Board and is vested with the authority to identify candidates for appointment to the Board of Directors. In evaluating the suitability of a person for appointment / continuing to hold appointment as a Director, the NRC takes into account among others, Board diversity, person’s eligibility, qualification, expertise, track record, general understanding of the business, professional ethics, integrity and other fit and proper criteria’s. Based on recommendation of the NRC, the Board evaluates the candidate(s) and decide on the selection of the appropriate member.

**Remuneration**

The remuneration of Executive / Non-Executive Directors and KMPs is governed by the external competitive environment, track record, potential, individual performance and performance of the Company as well as industry standards and decided by NRC in accordance to the abovementioned policies. It is proposed by NRC and subsequently approved by the Board.

**B. Remuneration to Non-Executive Directors for the financial period ended 31 March 2017**

The remuneration and sitting fee paid to the Non-executive directors during the financial period ended 31 March 2017 along with their respective shareholding in the Company are as under:

Directors	Sitting Fees paid for the Board and Committee Meetings held during the financial period ended 31 March 2017	Commission for the financial period ended 31 March 2017, provided as payable in the accounts of the Company for the year under review	No. of Equity Shares held as on 31 March 2017
Srinivasa Raghavan Venkatavaradhan	-	-	-

**C. Remuneration paid/payable to Executive Director (Whole-time Director/Managing Director) for the financial period ended 31 March 2017**

Following Remuneration was paid to whole-time director/Managing Director during the financial period ended 31 March 2017. The said remuneration was fixed by the Nomination and Remuneration Committee and subsequently approved by the Board of Directors and Shareholders of the Company.

Name of Executive Director	(INR in Lakhs)					Contract Period	Shares held as on 31 March 2017
	Salary	Commission	Company's contribution to Funds	Perquisites & Allowance	Total		
Alok Kumar Sinha (till 10 Nov 2016)	36.00	-	-	-	36.00	-	-
*Srikrishna Madhavan (11 November 2017 onwards)	-	-	-	-	-	-	-

\* The appointment and remuneration of Mr. Srikrishna Madhavan to be placed before shareholder in the upcoming AGM for their approval.

Brief terms of employment and details of remuneration of the Executive Directors are as under:

1.	Name of the Director	Mr. Alok Kumar Sinha	Mr. Srikrishna Madhavan
(a)	Salary, benefits, bonuses, stock options, pension etc.	Salary not exceeding INR 40 lakhs per annum. Reimbursement of travel and out of pocket expenses incurred for business purpose of the Company.	Salary not exceeding INR 40 lakhs per annum. Reimbursement of travel and out of pocket expenses incurred for business purpose of the Company.
(b)	Details of fixed component and performance linked incentives, along with the performance criteria;	Fixed Salary not exceeding INR 40 lakhs per annum. Not entitled for any performance linked incentives.	Fixed Salary not exceeding INR 40 lakhs per annum. Not entitled for any performance linked incentives.
(c)	Service contracts, notice period, severance fees;	The appointment of Mr. Alok Kumar Sinha, as Whole Time Director and designated as Chief Executive Officer of the Company shall be for a period of 3 years, effective from 07 November 2014 and he shall be liable to retire by rotation.	The appointment of Mr. Srikrishna Madhavan, as Managing Director and designated as Chief Executive Officer of the Company shall be for a period of 3 years, effective from 11 November 2016 and he shall be liable to retire by rotation.
(d)	Stock option details, their pricing at the time of issue, period over which accrued and period over which exercisable.	NA	NA

**6. RISK MANAGEMENT**

The Company has a Risk Management process which provides an integrated approach for managing the risks in various aspects of the business. A write-up on the above is provided in the management discussion and analysis report.

### 7. COMMITTEES OF THE BOARD

#### A. Audit Committee

1. The Audit Committee of the Company is constituted in line with the provisions of Regulations 18 of Listing Regulations read with Section 177 of the Act.
2. The role, duties and powers of the Audit Committee are as follows:

**The role of the audit committee includes the following:**

1. 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;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Boards' Report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013.
  - b. Changes, if any, in accounting policies and practices and reasons for the same.
  - c. Major accounting entries involving estimates based on the exercise of judgment by Management.
  - d. Significant adjustments made in the financial statements arising out of audit findings.
  - e. Compliance with listing and other legal requirements relating to financial statements.
  - f. Disclosure of any related party transactions.
  - g. Qualifications in the draft audit report.
5. Reviewing, with the Management, the quarterly financial statements before submission to the board for approval;
6. 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;
7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the Company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the Management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. 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;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. 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;
16. 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;
17. 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;
18. To review the functioning of the Whistle Blower Mechanism;

19. Approval of appointment of CFO (i.e., the Whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate; and
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

**The Audit Committee shall mandatorily review the following information:**

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.
6. Statement of deviations:
  - a. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of Listing Regulations.
  - b. annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of Listing Regulations.

**The Audit Committee shall have powers, which should include the following:**

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

**Composition of the Audit Committee**

The composition of the Audit Committee is as follows:

1. Mr. Ashok Kumar Ramanathan
2. Mr. Srinivasa Raghavan Venkatavaradhan (06 June 2016 onwards)
3. Mr. Henry D Souza
4. Ms. Gopika Pant (till 29 May 2017)
5. Ms. Rekha Murthy (29 May 2017 onwards)
6. Mr. David Bauernfeind (till 27 May 2016)

Mr. Ashok Kumar Ramanathan is the Chairman of the Committee.

During the financial period ended 31 March 2017, 8 (Eight) meetings of the Audit Committee (including meetings via video conferencing) were held, the dates being 26 February 2016, 04 April 2016, 12 May 2016, 27 May 2016, 27 June 2016, 11 August 2016, 10 November 2016 and 10 February 2017.

**The attendance for the Audit Committee meetings is as follows:**

Name of the Member of committee	Position	No. of Meetings Attended	Leave of Absence granted
Ashok Kumar Ramanathan	Chairman	8	Nil
Srinivasa Raghavan Venkatavaradhan (06 June 2016 onwards)	Member	4	Nil
Henry D Souza	Member	7	Yes
Gopika Pant (till 29 May 2017)	Member	4	Yes
David Bauernfeind (till 27 May 2016)	Member	2	NA
Ms. Rekha Murthy (29 May 2017 onwards)	Member	NA	NA



The previous Annual General Meeting of the Company was held on 27 June 2016 and the Chairman of the Audit Committee was present at the Annual General Meeting of the Company.

### B. Nomination and Remuneration Committee

1. The Nomination and Remuneration Committee of the Company is constituted in line with Regulation 19(4) read with Part D of Schedule II of the Listing Regulations read with Section 178 of the Act.
2. The role, duties and powers of the Nomination and Remuneration Committee are as follows:
  - a. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
  - b. Formulation of process for grant, allot, issue, administer, cancel and forfeit employees' stock options under any ESOP schemes of the Company and to exercise such powers as conferred by the Board on the earlier Remuneration Committee;
  - c. Formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors;
  - d. Devising a policy on diversity of Board of Directors;
  - e. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
  - f. whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

#### The composition of the Committee is as follows: -

1. Mr. Ashok Kumar Ramanathan
2. Mr. Srinivasa Raghavan Venkatavaradhan (*06 June 2016 onwards*)
3. Mr. Henry D Souza
4. Ms. Gopika Pant (*till 29 May 2017*)
5. Ms. Rekha Murthy (*29 May 2017 onwards*)
6. Mr. David Bauernfeind (*till 27 May 2016*)

Mr. Ashok Kumar Ramanathan is the Chairman of the Committee.

During the financial period ended 31 March 2017, 4 (four) meetings of the Nomination and Remuneration Committee (including meeting via video conferencing) were held, the dates being 26 February 2016, 06 June 2016, 27 June 2016 and 10 November 2016.

#### The attendance for the Nomination and Remuneration Committee meetings is as follows:

Name of the Member of committee	Position	No. of Meetings Attended	Leave of Absence granted
Ashok Kumar Ramanathan	Chairman	4	Nil
Srinivasa Raghavan Venkatavaradhan ( <i>06 June 2016 onwards</i> )	Member	2	Nil
Henry D Souza	Member	3	Yes
Gopika Pant ( <i>till 29 May 2017</i> )	Member	3	Yes
David Bauernfeind ( <i>till 27 May 2016</i> )	Member	1	Nil
Ms. Rekha Murthy ( <i>29 May 2017 onwards</i> )	Member	NA	NA

**C. Stakeholders' Relationship Committee**

1. The Stakeholders' Relationship Committee of the Company is constituted in line with the provisions of Regulation 20 of the Listing Regulations read with Section 178 of the Act.
2. The Stakeholders' Relationship Committee shall specifically look into the matters relating to transfer/ transmission of shares and the redressal of grievances of shareholders, debenture holders and other security holders and shall consider and resolve the grievances of the security holders of the company including complaints related to transfer of shares, non-receipt of Annual Report and non-receipt of declared dividends.

**The composition of the Committee is as follows:**

1. Mr. Ashok Kumar Ramanathan
2. Mr. Srikrishna Madhavan (11 November 2016 onwards)
3. Mr. Henry D Souza
4. Ms. Gopika Pant (till 29 May 2017)
5. Ms. Rekha Murthy (29 May 2017 onwards)
6. Mr. Alok Kumar Sinha (till 10 November 2016)

Mr. Ashok Kumar Ramanathan is the Chairman of the Committee.

During the financial period ended 31 March 2017, there were 6 (six) meetings of Shareholders/ Investors' Grievances Committee - the dates being 26 February 2016, 12 May 2016, 10 June 2016, 11 August 2016, 10 November 2016 and 10 February 2017.

**The attendance for the Shareholders/ Investors' Grievances Committee meetings is as follows:**

Name of the Member of committee	Position	No. of Meetings Attended	Leave of Absence granted
Ashok Kumar Ramanathan	Chairman	6	Nil
Srikrishna Madhavan (11 November 2016 onwards)	Member	-	Yes
Henry D Souza	Member	5	Yes
Gopika Pant (till 29 May 2017)	Member	4	Yes
Alok Kumar Sinha (till 10 November 2016)	Member	5	Nil
Ms. Rekha Murthy (29 May 2017 onwards)	Member	NA	NA

During the financial period ended 31 March 2017, 6 (six) complaints of the shareholders were received and resolved in a timely manner.

**D. Corporate Social Responsibility Committee**

In compliance with Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules 2014, the Company has established a Corporate Social Responsibility (CSR) Committee during the financial year 2014.

The CSR Committee has been entrusted with the responsibility of formulating and recommending to the Board, a Corporate Social Responsibility Policy indicating the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013, recommending to Board the amount of expenditure to be incurred on CSR activities and monitoring the Corporate Social Responsibility Policy of the Company from time to time.

**The composition of the Committee is as follows:**

1. Mr. Ashok Kumar Ramanathan
2. Mr. Srikrishna Madhavan (11 November 2016 onwards)



3. Mr. Henry D Souza
4. Ms. Gopika Pant (*till 29 May 2017*)
5. Ms. Rekha Murthy (*29 May 2017 onwards*)
6. Mr. Alok Kumar Sinha (*till 10 November 2016*)

Mr. Ashok Kumar Ramanathan is the Chairman of the Committee.

During the financial period ended 31 March 2017, 2 (two) meetings of the CSR Committee were held; the dates being 26 February 2016 and 04 April 2016.

**The attendance for the CSR Committee meetings is as follows:**

Name of the Member of committee	Position	No. of Meetings Attended	Leave of Absence granted
Ashok Kumar Ramanathan	Chairman	2	Nil
Srikrishna Madhavan ( <i>11 November 2016 onwards</i> )	Member	NA	NA
Henry D Souza	Member	1	Yes
Gopika Pant ( <i>till 29 May 2017</i> )	Member	1	Yes
Alok Kumar Sinha ( <i>till 10 November 2016</i> )	Member	2	Nil
Ms. Rekha Murthy ( <i>29 May 2017 onwards</i> )	Member	NA	NA

## 8. GENERAL BODY MEETINGS

### A. Details of Annual General Meetings and Special Resolutions passed

The details of date, time, location and special resolutions at Annual General Meeting (AGM) held in last 3 (three) years are as under:

Date	Time	Venue	Special Resolutions Passed	Directors' Attendance at AGM
27 June 2016	10 AM	SJR I-Park, Plot 13, 14, 15, EPIP Industrial Area, Phase I Whitefield, Bangalore – 560 066	No special resolution has been passed.	1. Ashok Kumar Ramanathan 2. Alok Kumar Sinha
25 May 2015	10 AM	SJR I-Park, Plot 13, 14, 15, EPIP Industrial Area, Phase I Whitefield, Bangalore – 560 066	Approval of appointment of Mr. Alok Kumar Sinha as whole time director and designated as Executive Director and Chief Executive Officer of the company for a period of 3 (three) years.	1. David Bauernfeind 2. Ashok Kumar Ramanathan 3. Alok Kumar Sinha
02 June 2014	10 AM	SJR I-Park, Plot 13, 14, 15, EPIP Industrial Area, Phase I Whitefield, Bangalore – 560 066	Approval of appointment of Mr. Kenneth Lever as whole time director and designated as Executive Chairman and Chief Executive Officer of the company for a period of 3 (three) years.	1. Kenneth Lever 2. David Bauernfeind 3. Ashok Kumar Ramanathan 4. Henry D Souza

### B. Extraordinary General Meeting

No Extraordinary General meeting was conducted during the financial period ended 31 March 2017.

### C. Postal Ballot

The Board of Directors at their Meeting held on 06 June 2016 approved the delisting proposal made by CSC Computer Sciences International Operations Limited (“Acquirer”) along with Computer Sciences Corporation (“CSC”), CSC Technologies India Private Limited (“CSC India”) and Computer Sciences

Corporation India Private Limited (“CSC IPL”) (CSC, CSC India and CSC IPL are collectively referred to as “PACs”) and recommended to the shareholders of the Company for their approval as a Special Resolution through Postal Ballot in terms of provisions of SEBI (Delisting of Equity Shares) Regulations, 2009 (“**Delisting Regulations**”). Accordingly, Notice of Postal Ballot were sent to shareholders (via E-mails and Registered Post) and simultaneously published in newspapers on 25 June 2016. The Postal Ballot process was completed on 25 July 2016 and thereupon scrutinizer submitted his report on 27 July 2016 on Postal Ballot wherein, inter-alia, confirmed that the special resolution for delisting of Company’s Equity Shares from BSE & NSE had been approved under the Act and Delisting Regulations.

### 9. DISCLOSURES:

- i. There are no materially significant related party transactions of the Company which pose a potential conflict with the interest of the Company. The Related Party Transaction Policy of the Company is available at <http://www.xchanging.com/investor-relations/xsl-content>
- ii. The Material Subsidiary Policy of the Company as approved by the Board of Directors is available at <http://www.xchanging.com/investor-relations/xsl-content>
- iii. The Familiarization Programme for Independent Directors as approved by the Nomination and Remuneration Committee of the Company is available at <http://www.xchanging.com/investor-relations/xsl-content>
- iv. The Board of Directors of the Company at their meeting held on 06 November 2015 in concurrence with the requirement under SEBI (Prohibition of Insider Trading) Regulations, 2015 adopted the Code of Practices and Procedures for Fair Disclosure of Price-Sensitive Information; and Revised Code of Conduct for Prevention of Insider Trading. The aforesaid code is available at <http://www.xchanging.com/investor-relations/xsl-content>.
- v. Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any Statutory Authority, on any matter related to capital markets, during last three years: Nil
- vi. In accordance with the requirement of Section 177 of the Act and the Rules made there under and Regulation 22 of the Listing Regulations, the Company has formulated a ‘Vigil Mechanism / Whistle Blower Policy’. The Whistle Blower policy is closely monitored by an internal auditor. No employee personnel have been denied access to the Audit Committee.
- vii. The Company has not adopted a treatment different from that prescribed in accounting standards.
- viii. There are no pecuniary relationships or transactions between Non-Executive Directors and the Company.
- ix. Details of compliance with mandatory requirements and adoption of non-mandatory requirements of Regulation 34(3) of the Listing Regulations read with Schedule V of the Listing Regulations: The Company has complied with all the mandatory requirements of the Listing Regulations.
- x. The Board of Directors of the Company in their meeting held on August 11, 2016 have extended and fixed the current financial year of the Company up to a period of 15 months i.e. a period of 15 months commencing from January 1, 2016 to March 31, 2017.

Subsequently, each financial year of the Company shall commence on 1st April and end on 31st March every year.

### 10. MEANS OF COMMUNICATION:

The quarterly and annual financial results of the Company are sent to the Stock Exchanges immediately after they are approved by the Board. These are also published in the prescribed format within 48 hours of the conclusion of the Board Meeting, in which they are considered, generally in all the editions of “The Financial Express” the National English daily, circulating in most parts of India and in “Sanjevani”, the newspapers published in the regional language of the place, where the Company’s registered office of the Company is situated. The details of financial information are also available at <http://www.xchanging.com/investor-relations/xsl-content>.

All the official news releases are also published on the Company’s website.

**11. GENERAL SHAREHOLDER INFORMATION:**

**1. Annual General Meeting**

Date and Time : September 13, 2017 at 10:00 AM  
 Venue : Regd. Office: SJR I- Park, Plot 13, 14, 15,  
 EPIP Industrial Area, Phase I  
 Whitefield, Bangalore 560 066

**2. Financial Calendar**

The financial calendar of the Company is reproduced below:

Annual General Meeting	September 13, 2017
Results for quarter ending 30 June 2017	September 2017
Results for quarter ending 30 September 2017	November 2017
Results for year ending 31 December 2017	February 2018
Results for year ending 31 March 2018	May 2018

**3. Book closure** : 7 September 2017 to 13 September 2017 (both days inclusive)

**4. Dividend payment date** : Nil

**5. Listing on the Stock Exchanges**

Equity Shares of the Company are listed on the BSE Limited and the National Stock Exchange of India Limited. Annual Listing fee for the year 2017-18, has been paid to the above Stock Exchanges.

The annual custodial fee for the year 2017-18 has been paid to both NSDL and CDSL.

Scrip Code:

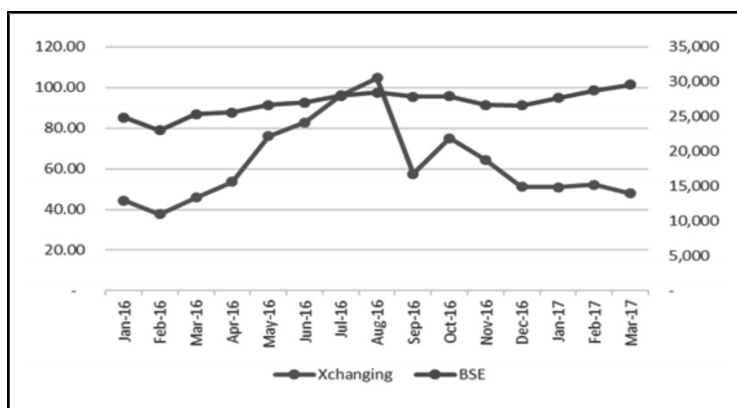
NSE : XCHANGING

BSE : 532616

**6. Market Price Data**

Month & Year	Share price of Xchanging Solutions Limited (NSE)			Share price of Xchanging Solutions Limited (BSE)		
	High (Rs.)	Low (Rs.)	Close(Rs.)	High (Rs.)	Low (Rs.)	Close (Rs.)
January 2016	63.00	41.75	44.30	63.15	42.35	44.50
February 2016	46.50	34.60	37.50	45.00	34.15	37.65
March 2016	54.55	36.40	45.60	54.45	37.00	45.85
April 2016	56.50	43.10	53.35	56.40	44.75	53.70
May 2016	87.70	48.40	76.30	87.45	49.00	76.00
June 2016	88.00	75.05	83.00	88.00	74.05	82.90
July 2016	103.80	82.65	95.25	104.00	83.15	95.95
August 2016	106.45	70.55	106.05	106.65	72.55	104.75
September 2016	106.05	54.50	57.30	105.00	54.35	57.50
October 2016	76.00	55.80	74.75	76.60	56.00	75.00
November 2016	77.90	52.50	64.45	76.85	50.60	64.35
December 2016	72.70	48.00	51.30	72.25	49.00	51.25
January 2017	56.60	50.15	50.75	56.60	50.30	50.85
February 2017	58.50	50.00	52.05	58.80	50.30	52.10
March 2017	57.40	46.25	47.55	57.40	46.20	47.90

7. Performance of Share Price in Comparison to BSE SENSEX



8. Registrars and Transfer Agent:

Karvy Computershare Private Limited  
 Karvy Selenium Tower B, Plot 31-32, Gachibowli,  
 Financial District, Nanakramguda,  
 Hyderabad – 500 032.  
 Phone: +91 040-67162222  
 Fax +91 040-23001153  
 Email: einward.ris@karvy.com  
 Website: www.karvy.com

9. Share Transfer System:

Shares sent for transfer in physical form are normally registered by our Registrars and Share Transfer Agent within 15 days of receipt of the documents, if the same are found in order, and as per the requirement of statutory provisions. Shares under objection are returned within two weeks. The Stakeholders Relationship Committee looks into the issues relating to Share Transfers and Investor Grievances and the Committee meets periodically.

10. SHAREHOLDING PATTERN

A. Categories of Shareholding as on 31 March 2017

Category	No. of Shares held	% of shareholding
Promoters	87,753,949	78.77
Banks, FIs, Insurance Companies, Mutual Funds	404,182	0.36
FIIIs	-	-
Corporate Bodies	16,057,459	14.41
Indian Public	7,034,364	6.31
NRIs/OCBs/Foreign National/Clearing member	151,441	0.14
Others	2,321	-
<b>Grand Total</b>	<b>111,403,716</b>	<b>100.00</b>

B. Distribution of Shareholding as on 31 March 2017

No. of shares	No. of share holders	% of total shareholders	No. of shares held	% to total equity
1-5000	14,724	88.32	1,584,531	1.42
5001- 10000	924	5.54	762,056	0.68

No. of shares	No. of share holders	% of total shareholders	No. of shares held	% to total equity
10001- 20000	463	2.78	730,214	0.66
20001- 30000	157	0.94	404,156	0.36
30001- 40000	85	0.51	308,591	0.28
40001- 50000	82	0.49	390,234	0.35
50001- 100000	120	0.72	910,025	0.82
100001& Above	117	0.70	106,313,909	95.43
Total	16,672	100.00	111,403,716	100.00

**11. DEMATERIALISATION OF SHARES AND LIQUIDITY**

The Company’s shares are compulsorily traded in the dematerialized form. The Company has arrangements with both National Securities Depository Limited (‘NSDL’) and Central Depository Services Limited (‘CDSL’) for demat facility. As on 31 March 2017, 107,096,015 shares representing 96.13% of the Company’s total shares were held in dematerialized form and the balance 4,307,701 shares representing 3.87% of the Company’s total shares were in the physical form. The Company’s shares are regularly traded on the National Stock Exchange of India Limited and BSE Limited.

**ISIN: INE 692G01013**

**12. OUTSTANDING GDRS/ADRS/WARRANTS OR ANY CONVERTIBLE INSTRUMENTS, CONVERSION DATE AND LIKELY IMPACT ON EQUITY:**

There are no outstanding GDRs/ADRs/Warrants.

**13. PLANT LOCATIONS:**

In view of the nature of the Company’s business viz., Information Technology (IT) Services and IT enabled services; the Company operates from various offices in India and abroad but does not have any manufacturing plant.

**14. ADDRESS FOR CORRESPONDENCE:**

Shareholders may correspond with the Company at the Registered Office of the Company or at the office of Registrars and Transfer Agent of the Company.

Registered Office	Registrar and Transfer Agents
Xchanging Solutions Limited SJR I-Park, Plot No. 13, 14, 15. EPIP Industrial Area, Phase I Whitefield, Bangalore 560066, India. Phone +91 080 3054 0000 Fax +91 080 4115 7394 Email: <a href="mailto:compliance@asia.xchanging.com">compliance@asia.xchanging.com</a>	Karvy Computershare Private Limited Karvy Selenium Tower B, Plot 31 - 32 Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032 Phone +91 040-67162222 Fax +91 040-23001153 Email: <a href="mailto:einward.ris@karvy.com">einward.ris@karvy.com</a>

The above report was placed before the Board at its Meeting held on 29 May 2017 and, the same was approved.

**15. NO. OF SHARES TRADED DURING THE FINANCIAL PERIOD ENDED 31 MARCH 2017:**

BSE: 11,129,974 Shares

NSE: 21,339,041 Shares

**16. COMPLIANCE CERTIFICATE BY THE PRACTICING COMPANY SECRETARY:**

The Company has obtained a certificate from the Practicing Company Secretary regarding the compliance of conditions of corporate governance as stipulated under Schedule V (E) of the Listing Regulations, which is annexed herewith as **Annexure-B**.

## COMPLIANCE CERTIFICATE

To

The Board of Directors  
Xchanging Solutions Limited  
Bangalore

We, Srikrishna Madhavan, Executive Director and Chief Executive Officer and Suresh Akella, Chief Financial Officer of Xchanging Solutions Limited hereby certify to the Board that;

- a. We have reviewed the financial statements and the cash flow statement for the financial period ended 31 March 2017 and that to the best of our knowledge and belief:
  - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) 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 financial year 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 the 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:
  - (i) significant changes in the internal control over financial reporting during the financial period ended 31 March 2017
  - (ii) significant changes in the accounting policies during the financial period ended 31 March 2017 and the same have been disclosed in the notes to the financial statements;
  - (iii) instances of significant fraud of which we have become aware and involvement therein of the management or an employee having a significant role in the company's internal control over financial reporting.
- e. We further declare that all Board Member and senior personnel have affirmed compliance with the code for the current year.

**Srikrishna Madhavan**  
**Executive Director & Chief Executive Officer**

**Suresh Akella**  
**Chief Financial Officer**

Place : Bangalore

Date : May 29, 2017

### CERTIFICATE ON CORPORATE GOVERNANCE REPORT

To,  
The Members  
Xchanging Solutions Limited  
Bangalore

I have examined the compliance of conditions of corporate governance by Xchanging Solutions Limited (“the Company”) for the financial period ended on 31st March 2017 (*Commencing from January 1, 2016 to March 31, 2017*), as stipulated in Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

The compliance of conditions of corporate governance is the responsibility of the management. My examination is limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the company has complied with all the conditions of corporate governance as stipulated in the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

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

**Ankush Agarwal & Associates**  
**Company Secretaries**

**Ankush Agarwal**  
Proprietor  
Membership No: A21125  
Certificate of Practice No: 14486

Date: May 26, 2017  
Place: New Delhi



# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF XCHANGING SOLUTIONS LIMITED

### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **XCHANGING SOLUTIONS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31 March, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the fifteen months period ended on that date, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Standalone Financial Statements

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

### Auditor's Responsibility

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

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

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

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

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2017, and its loss and its cash flows for the fifteen months period ended on that date.

### Emphasis of Matter

We draw attention to Note 41 to the standalone financial statements, regarding redemption of certain debentures, aggregating to Rs. 625 Lakhs, by the Company in the year 2007. On the basis of an interim application filed by the Third Party, the Hon'ble High Court had passed an Interim Order in September 2007 restraining the Company from



## Independent Auditor's Report

reflecting the redemption of debentures and directing the Company to continue to show it as due and payable which Order was made absolute in December 2010. The Hon'ble Madras High Court vide order dated September 28, 2016 dismissed the suit filed by the said Third Party and also set aside the interim order. The Third Party has approached the Hon'ble Supreme Court against the said Order of the Hon'ble Madras High Court. On January 20, 2017 the Hon'ble Supreme Court has issued notice to the Company. Based on the legal advice obtained, the Company is of the opinion that no adjustments are considered necessary in the standalone financial statements.

Our opinion is not modified in respect of this matter.

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, based on our audit we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on 31 March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements;
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
    - iv. The Company did not have any holdings or dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November, 2016 to 30th December, 2016.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

**For DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm Regn. No 117366WW-100018)

**Bhavani Balasubramanian**  
Partner  
(Membership No. 22156)

Place : Bangalore  
Date : May 29, 2017

## ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

Referred to in paragraph 1 (f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date

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

We have audited the internal financial controls over financial reporting of **XCHANGING SOLUTIONS LIMITED** (“the Company”) as of 31 March, 2017 in conjunction with our audit of the standalone financial statements of the Company for the fifteen months period ended on that date.

#### Management’s Responsibility for Internal Financial Controls

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

#### Auditor’s Responsibility

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

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

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

#### Meaning of Internal Financial Controls over Financial Reporting

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

## Annexure “A” to the Independent Auditor’s Report

### Inherent Limitations of Internal Financial Controls over Financial Reporting

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

### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2017, 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 DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm Regn. No 117366WW-100018)

**Bhavani Balasubramanian**  
Partner  
(Membership No. 22156)

Place : Bangalore  
Date : May 29, 2017

## ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the members of Xchanging Solutions Limited on the accounts for the fifteen months period ended 31 March, 2017)

- i. In respect of fixed assets :
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of 2 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the period. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - (c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i) (c) of the CARO 2016 is not applicable.
- ii. The Company does not have any inventory and hence reporting under clause (ii) of the CARO 2016 is not applicable.
- iii. In our opinion and according to the information and explanations given to us, 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 Companies Act, 2013.
- iv. The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the CARO 2016 is not applicable.
- v. According to the information and explanations given to us, the Company has not accepted any deposits during the period. There were no unclaimed deposits at any time during the period.
- vi. The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013.
- vii. According to the information and explanations given to us in respect of statutory dues:
  - (a) The Company has been regular in depositing undisputed statutory dues including Provident Fund, Employees’ State Insurance, Income-tax, Sales Tax, Service Tax, Value Added Tax, cess and other material statutory dues applicable to it with the appropriate authorities.
  - (b) There were no undisputed amounts payable by the Company, in respect of Provident Fund, Employees’ State Insurance, Income-tax, Sales Tax, Service Tax, Value Added Tax, cess and other material statutory dues in arrears as at 31 March, 2017 for a period of more than six months from the date they became payable.
  - (c) Details of dues of Income Tax which have not been deposited as on 31 March, 2017 on account of disputes are given below:

Nature of Statute	Nature of dues	Forum where dispute is pending	Period to which amount relates	Amount unpaid (Rs. In lakhs)
Income Tax Act, 1961	Income Tax	Commissioner (Appeals)	Financial year 2003-04 to 2005-06	259(*)
	Income Tax	High Court	Financial year 2008-09	159(**)
	Income Tax	Income Tax Appellate Tribunal	Financial year 2009-10	12
	Income Tax	Income Tax Appellate Tribunal	Financial year 2011-12	1,846

(\*) Net of Rs. 1,130 lakhs paid under protest

(\*\*) Net of Rs. 170 lakhs paid under protest

## Annexure “B” to the Independent Auditor’s Report

- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government. The Company has not issued any debentures.
- ix. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 Order is not applicable.
- x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the period.
- xi. In our opinion and according to the information and explanations given to 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 Companies Act, 2013.
- xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
- xiii. In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- xiv. During the period the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.
- xv. In our opinion and according to the information and explanations given to us, during the period the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- xvi. The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

**For DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm Regn. No 117366WW-100018)

**Bhavani Balasubramanian**  
Partner  
(Membership No. 22156)

Place : Bangalore  
Date : May 29, 2017

# BALANCE SHEET

## XCHANGING SOLUTIONS LIMITED BALANCE SHEET AS AT MARCH 31, 2017

(All amounts in Rs. Lakhs, unless otherwise stated)

	Note	As at	
		Mar 31, 2017	Dec 31, 2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	11,140	11,140
Reserves and surplus	4	7,037	7,711
		<u>18,177</u>	<u>18,851</u>
<b>Non-current liabilities</b>			
Long-term borrowings	5	46	91
Other long-term liabilities	6	77	35
Long-term provisions	7	317	342
		<u>440</u>	<u>468</u>
<b>Current liabilities</b>			
Trade payables	8		
a) total outstanding dues of micro enterprises and small enterprises		-	-
b) total outstanding dues of creditors other than micro enterprises and small enterprises		1,603	1,418
Other current liabilities	9	611	416
Short-term provisions	10	2,982	2,943
		<u>5,196</u>	<u>4,777</u>
<b>TOTAL</b>		<b><u>23,813</u></b>	<b><u>24,096</u></b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant & equipment	11	191	459
Intangible assets	12	13	20
Non-current investments	13	5,186	5,186
Deferred tax assets (net)	14	962	703
Long-term loans and advances	15	3,900	4,100
Other non-current assets	16	136	112
		<u>10,388</u>	<u>10,580</u>
<b>Current Assets</b>			
Current investments	17	10,099	-
Trade receivables	18	1,903	3,538
Cash and cash equivalents	19	273	8,357
Short-term loans and advances	20	308	264
Other current assets	21	842	1,357
		<u>13,425</u>	<u>13,516</u>
<b>TOTAL</b>		<b><u>23,813</u></b>	<b><u>24,096</u></b>

See accompanying notes forming part of the financial statements

In terms of our report attached.

For **Deloitte Haskins & Sells LLP**  
Chartered Accountants

**Bhavani Balasubramanian**  
Partner

Place : Bangalore  
Date : May 29, 2017

For and on behalf of the Board of Directors

**Srinivasa Raghavan Venkatavaradhan**  
Non Executive Director

Place : Bangalore  
Date : May 29, 2017

**Suresh Akella**  
Chief Financial Officer

Place : Bangalore  
Date : May 29, 2017

**Srikrishna Madhavan**  
Executive Director &  
Chief Executive Officer

Place : Bangalore  
Date : May 29, 2017

**Mayank Jain**  
Company Secretary

Place : Bangalore  
Date : May 29, 2017

# STATEMENT OF PROFIT AND LOSS

## XCHANGING SOLUTIONS LIMITED

### STATEMENTS OF PROFIT AND LOSS FOR THE 15 MONTHS PERIOD ENDED MARCH 31, 2017

(All amounts in Rs. Lakhs, unless otherwise stated)

	Note	For the 15 months period ended Mar 31, 2017	For the year ended Dec 31, 2015
<b>Revenue</b>			
Revenue from operations	22	9,902	12,090
Other income	23	1,074	1,203
<b>Total Revenue</b>		<u>10,976</u>	<u>13,293</u>
<b>Expenses</b>			
Employee benefits expense	24	6,501	6,450
Finance costs	25	15	19
Depreciation and amortisation expense	26	280	389
Other expenses	27	4,800	4,126
<b>Total expenses</b>		<u>11,596</u>	<u>10,984</u>
(Loss) / Profit before tax		<u>(620)</u>	<u>2,309</u>
<b>Tax expense / (benefit)</b>			
Current tax expense		306	651
Deferred tax	14	(259)	294
<b>Net tax expense / (benefit)</b>		<u>47</u>	<u>945</u>
<b>(Loss) / Profit for the period</b>		<u><b>(667)</b></u>	<u><b>1,364</b></u>
(Loss) / Earnings per Equity Share (of Rs.10 each)	37		
Basic		(0.60)	1.22
Diluted		(0.60)	1.22

See accompanying notes forming part of the financial statements

In terms of our report attached.

For **Deloitte Haskins & Sells LLP**  
Chartered Accountants

**Bhavani Balasubramanian**  
Partner

Place : Bangalore  
Date : May 29, 2017

For and on behalf of the Board of Directors

**Srinivasa Raghavan Venkatavaradhan**  
Non Executive Director

Place : Bangalore  
Date : May 29, 2017

**Suresh Akella**  
Chief Financial Officer

Place : Bangalore  
Date : May 29, 2017

**Srikrishna Madhavan**  
Executive Director &  
Chief Executive Officer

Place : Bangalore  
Date : May 29, 2017

**Mayank Jain**  
Company Secretary

Place : Bangalore  
Date : May 29, 2017

# CASH FLOW STATEMENT

## XCHANGING SOLUTIONS LIMITED

### CASH FLOW STATEMENT FOR THE 15 MONTHS PERIOD ENDED MARCH 31, 2017

(All amounts in Rs. Lakhs, unless otherwise stated)

	For the 15 months period ended	For the year ended
	Mar 31, 2017	Dec 31, 2015
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>(Loss) / Profit before tax</b>	(620)	2,309
<b>Adjustments for:</b>		
Depreciation and amortisation expense	280	389
Profit on sale of fixed assets	(18)	(8)
Foreign exchange loss - unrealised	87	33
Interest income	(600)	(627)
Provision for mark to market losses on derivatives	(1)	1
Provision for doubtful advances	(112)	144
Provision for doubtful debts	910	78
Liabilities no longer required written back	(77)	(388)
Advances written off	-	6
Interest expense	15	19
Operating profit before working capital changes	(136)	1,956
<b>Changes in working capital:</b>		
<i>Adjustments for (increase) / decrease in operating assets:</i>		
Trade receivables	640	1,502
Other current assets	347	(530)
Short-term loans and advances	(43)	611
Long-term loans and advances	312	(326)
<i>Adjustments for increase / (decrease) in operating liabilities:</i>		
Trade payables	180	(520)
Other current liabilities	290	(382)
Other long-term liabilities	35	3
Provisions	(76)	42
Cash generated from operations	1,549	2,356
Taxes paid (net of refunds)	(215)	(414)
<b>Net cash generated from operating activities (A)</b>	<b>1,334</b>	<b>1,942</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of tangible / intangible assets	(98)	(192)
Proceeds from sale of tangible assets	113	50
Long term deposits with banks with maturity period more than 3 months but less than 12 months	(12)	7
Long term deposits with banks with maturity period more than 12 months	(86)	95
Interest received	830	601
<b>Net cash (used in) / generated from investing activities (B)</b>	<b>747</b>	<b>561</b>

Contd....



## Cash Flow Statement

(All amounts in Rs. Lakhs, unless otherwise stated)

	For the 15 months period ended	For the year ended
	Mar 31, 2017	Dec 31, 2015
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from long-term borrowings	44	34
Repayment from long-term borrowings	(107)	(102)
Interest paid	(15)	(19)
<b>Net cash used in financing activities (C)</b>	<b>(78)</b>	<b>(87)</b>
<b>Net (decrease) / increase in cash and cash equivalents (A + B + C)</b>	<b>2,003</b>	<b>2,416</b>
Cash and cash equivalents at the beginning of the year	8,357	5,941
<b>Cash and cash equivalents at the end of the period</b>	<b>10,360</b>	<b>8,357</b>
Cash on hand	-	-
Balances with banks:		
In current accounts	129	1,301
Demand deposits (less than 3 months maturity)	132	7,055
Effect of exchange differences on balances with banks in foreign currency	-	1
Net cash and cash equivalents (as defined in AS 3 Cash Flow Statements) included in Note 19	261	8,357
Current investments considered as cash equivalents	10,099	-
	<b>10,360</b>	<b>8,357</b>

### Notes:

- (1) Figures in brackets indicate cash outflow.
- (2) Prior year's figures have been regrouped / reclassified wherever necessary to conform with current period's classification.

See accompanying notes forming part of the financial statements

In terms of our report attached.

For **Deloitte Haskins & Sells LLP**  
Chartered Accountants

**Bhavani Balasubramanian**  
Partner

Place : Bangalore  
Date : May 29, 2017

For and on behalf of the Board of Directors

**Srinivasa Raghavan Venkatavaradhan**  
Non Executive Director

Place : Bangalore  
Date : May 29, 2017

**Suresh Akella**  
Chief Financial Officer

Place : Bangalore  
Date : May 29, 2017

**Srikrishna Madhavan**  
Executive Director &  
Chief Executive Officer

Place : Bangalore  
Date : May 29, 2017

**Mayank Jain**  
Company Secretary

Place : Bangalore  
Date : May 29, 2017

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## XCHANGING SOLUTIONS LIMITED Notes forming part of the Financial Statements

(All amounts in Rs. Lakhs, unless otherwise stated)

### 1. General Information

Xchanging Solutions Limited ('the Company'), incorporated on February 1, 2002, is an information technology (IT) services provider with operations in India and an international presence established through subsidiaries in USA, Singapore and the UK.

Pursuant to agreements, arrangements, amalgamations, etc. (with requisite approvals from various High Courts in India, wherever applicable), the Company has, during earlier years, acquired the IT services businesses (including assets and liabilities) of / from the following entities:

- SSI Limited (Information Technology division with operations in India, USA and several other countries).
- Scandent Group Limited, Mauritius (with operations in USA, Singapore, Germany, etc.).
- Matrix One India Limited (with operations in India).

Pursuant to share purchase agreements between Xchanging (Mauritius) Limited (XML), a wholly owned subsidiary of Xchanging Plc, a listed company incorporated in UK, and the erstwhile principal shareholders of the Company, and consequent open offer to public, XML acquired 75.00% of the outstanding share capital of the Company. Though the open offer process was completed on April 9, 2009, XML obtained the power of operational control of the Company effective January 1, 2009. On June 18, 2015, XML has sold 22.93% of its holding in the Company to its fellow subsidiary Xchanging Technology Services India Private Limited, India ('XTSIPL') and as a result XML holding in the Company has reduced to 52.07%.

Shareholding pattern as at the period-end is given below:

Name of the shareholder	As at	As at
	Mar 31, 2017	Dec 31, 2015
Xchanging (Mauritius) Limited	52.07%	52.07%
Xchanging Technology Services India Private Limited, India	22.93%	22.93%
CSC Technologies India Private Limited *	3.77%	-
Scandent Holding Mauritius Limited **	10.49%	11.82%
AMPS Nominee Limited	-	3.77%
Katra Finance Limited	2.70%	2.70%
Others	8.04%	6.71%
	<b>100.00%</b>	<b>100.00%</b>

\* CSC Technologies India Private Limited (Promoters group) acquired 3.77% of shares on January 6, 2017 through mandatory open offer

\*\* Edelweiss Securities Limited holds shares as Registered Owner from December 29, 2016 onwards. However, Scandent Holding Mauritius Limited is the Beneficial Owner of the Shares.

### 2. Summary of Significant Accounting Policies

#### 2.1 Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

**2.2 Use of estimates**

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the period. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

**2.3 Cash and cash equivalents (for purposes of Cash Flow Statement)**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

**2.4 Cash flow statement**

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

**2.5 Property, plant & equipment and depreciation**

- (i) Tangible assets are stated at cost of acquisition less accumulated depreciation and impairment losses. Cost comprises the purchase price and any directly attributable costs of bringing the assets to their working condition for their intended use.
- (ii) Losses arising from the retirement of, and gains or losses arising from disposal of fixed assets which are carried at cost are recognised in the Statement of Profit and Loss.
- (iii) Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes etc:

	<b>Years</b>
Computers	3
Vehicles	2 to 6
Office equipments	5
Furniture and fixtures	5

- (iv) Leasehold improvements are amortised over the period of lease or five years, whichever is lower.
- (v) Assets individually costing up to Rupees five thousand are fully depreciated in the year of purchase.
- (vi) Capital work-in-progress: Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

**2.6 Intangible Assets and Amortisation**

Intangible assets are stated at cost of acquisition less accumulated depreciation and impairment losses. Intangible assets are recognised only if it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets comprise of computer software which is amortised on straight-line basis over an estimated useful life of one to six years. Gains or losses arising from the retirement or disposal of an intangible asset are

determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss.

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.

### **2.7 Revenue recognition**

Revenue is recognised net of service tax to the extent that it is probable that economic benefit will flow to the Company and that revenue can be reliably measured.

- (i) Revenue from time and material contracts are recognised as related services are performed.
- (ii) Revenue from fixed price contracts for delivering services is recognised under the proportionate completion method wherein revenue is recognised based on services performed to date as a percentage of total services to be performed.
- (iii) Revenue from maintenance contracts are recognised rateably over the term of the maintenance contract on a straight-line basis.
- (iv) Revenue from certain services are recognised as the services are rendered, on the basis of an agreed amount in accordance with the agreement entered into by the Company.
- (v) Revenue from sale of user licenses for software application is recognised on transfer of the title in the user license.
- (vi) Provision for estimated losses, if any, on incomplete contracts are recorded in the period in which such losses become probable based on the current contract estimates.
- (vii) Deferred and unearned revenues represent the estimated unearned portion of fees derived from certain fixed-rate service agreements. Unearned revenues for fixed fee contracts are recognised on a pro-rata basis over the term of the underlying service contracts, which are generally one year.
- (viii) Unbilled revenue represents costs and earnings in excess of billings as at the balance sheet date.

### **2.8 Other Income**

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

### **2.9 Foreign currency transactions**

- (i) Initial recognition:  
On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.
- (ii) Subsequent recognition:  
As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.  
All monetary assets and liabilities in foreign currency are restated at the end of accounting period other than those monetary assets which are provided for being doubtful of recovery.  
Exchange differences on restatement of all monetary items are recognised in the Statement of Profit and Loss.
- (iii) Forward exchange contracts not intended for trading or speculation purposes:  
The premium or discount arising at the inception of forward exchange contracts entered into to hedge an existing asset/liability, is amortised as expense or income over the life of the contract. Exchange differences on such a contract are recognised in the Statement of Profit and Loss in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such a forward exchange contract are recognised as income or as expense for the period.
- (iv) Forward exchange contracts outstanding as at the period end on account of firm commitment / highly probable forecast transactions are marked to market and the losses, if any, are recognised

in the Statement of Profit and Loss and gains are ignored in accordance with the Announcement of Institute of Chartered Accountants of India on 'Accounting for Derivatives' issued in March 2008.

### 2.10 Investments

Long-term investments (excluding investment properties), are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

Investment properties are carried individually at cost less accumulated depreciation and impairment, if any. Investment properties are capitalised and depreciated (where applicable) in accordance with the policy stated for Fixed assets. Impairment of investment property is determined in accordance with the policy stated for Impairment of Assets.

### 2.11 Employee benefits

Employee benefits include provident fund, employee state insurance scheme, employee pension scheme, gratuity fund, compensated absences, employee share-based payments, long service awards, long term incentive plan and long term retention bonus.

- (a) **Provident Fund, Employee State Insurance and Employee Pension Scheme:** Contribution towards provident fund, employee state insurance and employee pension scheme is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis. The Company's contribution to provident fund, employee state insurance scheme and employee pension scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.
- (b) **Gratuity:** The Company provides for gratuity, a defined benefit plan (the "gratuity plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The gratuity plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee's last drawn salary and years of employment with the Company. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.
- (c) **Compensated absences:** Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

- (d) **Employee Share-based Payments:** Equity settled stock options granted to the employees under Employee Stock Option Plans are accounted for as per the accounting treatment prescribed by Employee Stock Option Scheme and Employee Stock Purchase Guidelines, 1999, issued by Securities and Exchange Board of India and the Guidance Note on Employee Share based Payments issued by the Institute of Chartered Accountants of India. The intrinsic value of the option being excess of market value of the underlying share immediately on the date of grant over its exercise price is recognised as deferred employee compensation with a credit to employee stock option outstanding account. The deferred employee compensation is charged to Statement of Profit and Loss on straight line basis over the vesting period of the option. The options that lapse are reversed by a credit to employee compensation expense, equal to the amortised portion of value of lapsed

portion and to deferred employee compensation expense equal to the un-amortised portion.

- (e) Other Long Term Employee Benefits – Long Service Award/Long Term Incentive Plan/Long Term Retention Bonus: The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses / gains are recognized in the Statement of Profit and Loss in the year in which they arise.

### **2.12 Segment Reporting**

The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Company. Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue and expenses, which relate to the Company as a whole and are not allocable to segments on a reasonable basis, is included as "Unallocated". Segment assets includes all the assets except for deferred tax assets which are treated as unallocable.

The dominant source of risk and returns of the enterprise is considered to be the business in which it operates, viz. - Information Technology (IT) Services. The sub businesses are fully aligned to IT Services business of the Company and the same are being viewed by the management as a single business segment. Being a single business segment company, no primary segment information is being provided.

### **2.13 Leases**

As a lessee:

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the lease term.

### **2.14 Earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

### **2.15 Taxes on income**

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty/virtual certainty, as may be applicable, that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in



the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

### **2.16 Impairment of assets**

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. The following intangible assets are tested for impairment each financial year even if there is no indication that the asset is impaired:

(a) an intangible asset that is not yet available for use; and (b) an intangible asset that is amortised over a period exceeding ten years from the date when the asset is available for use.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

### **2.17 Provisions and contingent liabilities**

**Provisions:** A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (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.

Provisions for onerous contracts (i.e., contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it) are recognised when it is probable that cash outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event based on a reliable estimate of such obligation.

**Contingent liabilities:** Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is termed as a contingent liability.

### **2.18 Project work expenses**

Project work expenses represents amounts charged by sub-contractors. These expenses are recognised on an accrual basis.

### **2.19 Service tax input credit**

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is reasonable certainty in availing / utilising the credits.

### **2.20 Operating Cycle**

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of services and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets and liabilities.

## Notes forming part of the Financial Statements

(All amounts in Rs. Lakhs, unless otherwise stated)

	As at Mar 31, 2017	As at Dec 31, 2015
<b>3. Share Capital</b>		
<b>Authorised capital:</b>		
125,000,000 (2015: 125,000,000) Equity shares of Rs.10 each	12,500	12,500
<b>Issued, subscribed and paid up capital:</b>		
111,403,716 (2015: 111,403,716) Equity shares of Rs.10 each fully paid up	11,140	11,140
	<b>11,140</b>	<b>11,140</b>

**a) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period**

Equity Shares	As at Mar 31, 2017		As at Dec 31, 2015	
	Number of Shares	Amount	Number of Shares	Amount
Shares outstanding at the beginning of the period / year	111,403,716	11,140	111,403,716	11,140
Add / (Less): Movement during the period / year	-	-	-	-
<b>Shares outstanding at the end of the period / year</b>	<b>111,403,716</b>	<b>11,140</b>	<b>111,403,716</b>	<b>11,140</b>

**b) Rights, preferences and restrictions attached to shares**

**Equity Shares:** The Company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

**c) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:**

Name of Shareholder	As at Mar 31, 2017		As at Dec 31, 2015	
	Number of Shares	Amount	Number of Shares	Amount
Xchanging (Mauritius) Limited, the holding company	58,002,787		58,002,787	
Xchanging Technology Services India Private Limited, subsidiary of Holding Company*	25,550,000		25,550,000	
	<b>83,552,787</b>		<b>83,552,787</b>	

\* Xchanging Technology Services India Private Limited had become the subsidiary of Xchanging (Mauritius) Limited on March 31, 2017.

**d) Details of shares held by each shareholder holding more than 5% shares:**

Name of Shareholder	As at Mar 31, 2017		As at Dec 31, 2015	
	Number of Shares held	Percentage	Number of Shares held	Percentage
Xchanging (Mauritius) Limited	58,002,787	52.07	58,002,787	52.07
Xchanging Technology Services India Private Limited	25,550,000	22.93	25,550,000	22.93
Scandent Holding Mauritius Limited	11,691,008	10.49	13,167,551	11.82



## Notes forming part of the Financial Statements

(All amounts in Rs. Lakhs, unless otherwise stated)

	As at Mar 31, 2017	As at Dec 31, 2015
<b>4. RESERVES AND SURPLUS</b>		
Capital reserve [Refer note below]		
Balance as at the beginning of the period	57	57
Balance as at the end of the period	<u>57</u>	<u>57</u>
Securities premium:		
Balance as at the beginning of the period	8,417	8,417
Balance as at the end of the period	<u>8,417</u>	<u>8,417</u>
Stock compensation adjustment:		
Balance as at the beginning of the period	7	7
Less: Transferred to statement of profit and loss	(7)	-
Balance as at the end of the period	<u>-</u>	<u>7</u>
Surplus in Statement of Profit and Loss		
Balance as at the beginning of the period	(770)	(2,134)
(Loss) / Profit for the period	(667)	1,364
Balance as at end of the period	<u>(1,437)</u>	<u>(770)</u>
	<b><u>7,037</u></b>	<b><u>7,711</u></b>

**Note:** Capital reserve represents waiver of liability by Scandent Holding Mauritius Limited, erstwhile ultimate holding company.

## 5 LONG TERM BORROWINGS

### Secured

From Bank:

Loan for purchase of Tangible assets (Refer note 9)	46	91
	<u>46</u>	<u>91</u>

Nature of security and terms of repayment for secured borrowings are as follows:

- Nature of security:** Vehicles purchased on loan for employees
- Terms of Repayment:** Monthly payment of equated monthly instalments for a period of 3-6 years (2015: 2-6 years)
- Interest rate:** 9.5% to 10.5% per annum (2015: 9.5% to 13.5% per annum)

## 6 OTHER LONG-TERM LIABILITIES

Rent equalisation	77	35
	<u>77</u>	<u>35</u>

## Notes forming part of the Financial Statements

(All amounts in Rs. Lakhs, unless otherwise stated)

	As at Mar 31, 2017	As at Dec 31, 2015
<b>7 LONG-TERM PROVISIONS</b> (Refer note 2.11)		
Provision for employee benefits:		
Provision for gratuity [Refer note 33]	317	308
Provision for long service award	-	34
	<u>317</u>	<u>342</u>
<b>8 TRADE PAYABLES</b>		
Due to:		
Micro small and medium enterprises [Refer note(i)]	-	-
Subsidiaries [Refer note 35]	197	174
Other Related parties [Refer note 35]	324	236
Others	1,082	1,008
	<u>1,603</u>	<u>1,418</u>
<b>Notes:</b>		
(i) There are no dues to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006 as of March 31, 2017 and December 31, 2015, outstanding for more than 45 days on the basis of such parties having been identified by management and relied upon by the auditors.		
<b>9 OTHER CURRENT LIABILITIES</b> (Refer note 2.7 and 2.9)		
Current maturities of long-term borrowings [Refer note 5]	35	53
Income received in advance (Unearned revenue)	306	232
Payable on purchase of fixed assets	3	3
Statutory remittances (Contributions to PF, ESIC, Withholding Taxes, VAT, Service Tax, etc.)	128	118
Advances from customers	139	10
	<u>611</u>	<u>416</u>
<b>10 SHORT-TERM PROVISIONS</b> (Refer note 2.9, 2.11, 2.15)		
Provision for employee benefits :		
Provision for compensated absences	38	51
Provision for gratuity [Refer note 33]	61	91
Provision for long service award	-	8
Other Provisions:		
Provision for mark to market losses on derivatives [Refer note 30]	-	1
Provision for taxation [Net of advance tax Rs. 2,907 (2015: Rs. 2,831)]	2,883	2,792
	<u>2,982</u>	<u>2,943</u>

## 11 PROPERTY, PLANT & EQUIPMENT

(Refer note 2.5 and 2.16)  
(Owned unless specified) (All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Gross Block			Depreciation			Net Block	
	As at Jan 1, 2016	Additions	Deletions/ Adjustments	As at Mar 31, 2017	As at Jan 1, 2016	For the 15 months period		Deletions/ Adjustments
Leasehold Improvements	534	-	342	192	527	3	338	192
Computers	1,577	31	512	1,096	1,382	147	498	1,031
Vehicles	282	53	153	182	135	76	108	103
Office Equipment	293	2	59	236	208	24	31	201
Furniture and Fittings	262	-	24	238	237	10	21	226
Total	2,948	86	1,090	1,944	2,489	260	996	1,753

(a)

### As at Dec 31, 2015

Particulars	Gross Block			Depreciation			Net Block	
	As at Jan 1, 2015	Additions	Deletions/ Adjustments	As at Dec 31, 2015	As at Jan 1, 2015	For the year		Deletions/ Adjustments
Leasehold Improvements	531	3	-	534	483	44	-	527
Computers	1,729	73	225	1,577	1,434	173	225	1,382
Vehicles	402	40	160	282	165	88	118	135
Office Equipment	290	18	15	293	201	22	15	208
Furniture and Fittings	264	-	2	262	229	10	2	237
Total	3,216	134	402	2,948	2,512	337	360	2,489

Note: Adjustments include items no longer used by the Company.

### (b) Depreciation expense

Particulars	For the 15 months period ended Mar 31, 2017	For the year ended Dec 31, 2015
Depreciation for the period on property, plant & equipment	260	337
Total	260	337

## 12 INTANGIBLE ASSETS

(Refer note 2.6) (All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Gross Block			Amortisation			Net Block	
	As at Jan 1, 2016	Additions	Deletions/ Adjustments	As at Mar 31, 2017	For the 15 months period	Deletions/ Adjustments	As at Mar 31, 2017	As at Mar 31, 2017
Computer software	828	13	-	841	20	-	828	13
Total	828	13	-	841	20	-	828	13

### As at Dec 31, 2015

Particulars	Gross Block			Amortisation			Net Block	
	As at Jan 1, 2015	Additions	Deletions/ Adjustments	As at Dec 31, 2015	For the year	Deletions/ Adjustments	As at Dec 31, 2015	As at Dec 31, 2015
Computer software	776	52	-	828	52	-	808	20
Total	776	52	-	828	52	-	808	20

### (b) Amortisation expense

Particulars	For the 15 months period ended Mar 31, 2017	For the year ended Dec 31, 2015
Amortisation for the period on intangible assets	20	52
Total	20	52

(All amounts in Rs. Lakhs, unless otherwise stated)

	As at		As at	
	Mar 31, 2017		Dec 31, 2015	
<b>13 NON-CURRENT INVESTMENTS</b>				
<b>(Unquoted, at cost, unless otherwise stated, fully paid up)</b>				
<b>Other than trade</b>				
(Refer note 2.10 and 2.16)				
In Subsidiary Companies :				
Xchanging Solutions (Singapore) Pte Limited, Singapore 2,300,000 (2015: 2,300,000) ordinary shares of Singapore \$1 each		7		7
Xchanging Solutions (Europe) Limited, UK 2,664,278 (2015: 2,664,278) ordinary shares of GBP 1 each [Refer note 40]	2,222		2,222	
(Less): Provision for diminution in value of investment	<u>(2,222)</u>	-	<u>(2,222)</u>	-
Xchanging Solutions (USA) Inc, USA 9,930,062 (2015: 9,930,062) common stock of US \$1 each [Refer note 39]	11,224		11,224	
(Less): Provision for diminution in value of investment	<u>(6,045)</u>	5,179	<u>(6,045)</u>	5,179
		<u><b>5,186</b></u>		<u><b>5,186</b></u>
Aggregate amount of unquoted investments		13,453		13,453
Aggregate provision for diminution in value of investments		(8,267)		(8,267)

**14 DEFERRED TAX ASSETS (NET)**

(Refer note 2.15)

Details of deferred tax assets and liabilities as at March 31, 2017 comprise of the following:

Particulars	As at Jan 1, 2016	(Credit)/ Charged to Statement of Profit and Loss	As at Mar 31, 2017
<b>Deferred Tax Assets</b>			
Depreciation	295	26	269
Provision for gratuity	138	7	131
Provision for compensated absences	18	5	13
Provision for other employee benefits	58	31	27
Provision for doubtful debts	44	(315)	359
Others	150	(13)	163
<b>Total (A)</b>	<b>703</b>	<b>(259)</b>	<b>962</b>
<b>Deferred Tax Liabilities (B)</b>	-	-	-
<b>Deferred Tax Assets (Net) (A)-(B)</b>	<b>703</b>	<b>(259)</b>	<b>962</b>

(All amounts in Rs. Lakhs, unless otherwise stated)

As at Dec 31, 2015

Particulars	As at Jan 1, 2015	(Credit)/ Charged to Statement of Profit and Loss	As at Dec 31, 2015
<b>Deferred Tax Assets</b>			
Depreciation	291	(4)	295
Provision for gratuity	120	(18)	138
Provision for compensated absences	16	(2)	18
Provision for other employee benefits	152	94	58
Provision for doubtful debts	55	11	44
Others	363	213	150
<b>Total (A)</b>	<b>997</b>	<b>294</b>	<b>703</b>
<b>Deferred Tax Liabilities (B)</b>	-	-	-
<b>Deferred Tax Assets (Net) (A)-(B)</b>	<b>997</b>	<b>294</b>	<b>703</b>

	As at Mar 31, 2017	As at Dec 31, 2015
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**15 LONG TERM LOANS AND ADVANCES**

(Refer note 2.2)

Unsecured, considered good (unless otherwise stated)

Loans and advances to related parties:

Subsidiaries [Refer note 39]:

- Considered doubtful

17,283

17,283

(Less): Provision for doubtful loans and advances

(17,283)

(17,283)

Fellow subsidiaries [Refer note 35]

1,868

1,868

Capital advances

-

2

Security deposits

299

248

Advances recoverable in cash or kind

1,300

1,300

Balances with Government Authorities (Service tax)

- Considered good

408

681

- Considered doubtful

287

389

(Less): Allowance for doubtful advances

(287)

(389)

Prepaid Expenses

25

1

**3,900****4,100**

**Note:** As at March 31, 2017, the loans and advances balance of Rs. 17,283 (2015: Rs. 17,283) due from subsidiaries is interest free and repayable on demand. However, management does not have an intention to demand these loans in the next 12 months and hence these have been classified under long-term loans and advances.

## Notes forming part of the Financial Statements

(All amounts in Rs. Lakhs, unless otherwise stated)

	As at Mar 31, 2017	As at Dec 31, 2015
<b>16 OTHER NON-CURRENT ASSETS</b>		
Long term deposits with banks with maturity period more than 12 months [Held as lien by bank Rs. 110 (2015: Rs 30)]	125	39
Interest accrued on loans to fellow subsidiaries	-	71
Interest accrued on bank deposits	11	2
	<u>136</u>	<u>112</u>
<b>17 CURRENT INVESTMENTS</b> <b>(Unquoted, at lower of cost and fair value, unless otherwise stated)</b> (Refer note 2.10)		
Investment in mutual funds [Refer note (i) below]	10,099	-
	<u>10,099</u>	<u>-</u>
(i) Current investments include investments in the nature of "Cash and cash equivalents" (as defined in AS 3 <i>Cash Flow Statements</i> ) amounting to Rs 10,099, considered as part of Cash and cash equivalents in the Cash Flow Statement.		
<b>18 TRADE RECEIVABLES</b>		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good	27	91
Unsecured, considered doubtful	1,037	127
Less: Provision for doubtful trade receivables	(1,037)	(127)
	<u>27</u>	<u>91</u>
Other Trade receivables		
Unsecured, considered good	1,876	3,447
	<u>1,903</u>	<u>3,538</u>
<b>19 CASH AND CASH EQUIVALENTS</b> (Refer note 2.3)		
Cash and Cash equivalents (as per AS 3 Cash Flow Statements)		
Cash on hand	-	-
Balances with banks		
In current accounts	129	1,302
In demand deposit accounts (less than 3 months maturity)	132	7,055
Total - Cash and cash equivalents (as per AS 3 Cash Flow Statements) (A)	<u>261</u>	<u>8,357</u>
Other Bank Balances		
Long Term Deposit with maturity more than 3 months but less than 12 months	12	-
Total - Other bank balances (B)	<u>12</u>	<u>-</u>
Total Cash and cash equivalents (A+B)	<u>273</u>	<u>8,357</u>

Fixed Deposits with Banks include:

Rs. 108 (2015: Rs. 105) which are under lien for issue of bank guarantees

**Note:** The Company did not have any holdings or dealings in specified bank notes as defined in the notification S.O. 3407(E) dated November 8, 2016 of the Ministry of Finance, during the period from November 8, 2016 to December 30, 2016.



## Notes forming part of the Financial Statements

(All amounts in Rs. Lakhs, unless otherwise stated)

	As at Mar 31, 2017	As at Dec 31, 2015
<b>20 SHORT-TERM LOANS AND ADVANCES</b>		
(Refer note 2.2)		
Unsecured considered good unless otherwise stated		
Loans and advances to related parties [Refer note 35] :		
Subsidiaries:		
Expenses recoverable	9	81
Fellow subsidiaries:		
Loans and advances	92	62
Balances with Government Authorities		
- Considered good	32	17
- Considered doubtful	-	10
Less: Allowance for doubtful advances	-	(10)
Prepaid Expenses	74	33
Other Loans and Advances	101	71
	<u>308</u>	<u>264</u>
<b>21 OTHER CURRENT ASSETS</b>		
(Refer note 2.7 and 2.9)		
Unsecured considered good unless otherwise stated		
Unbilled revenue	684	1,031
Interest accrued on loans to fellow subsidiaries [Refer note 35]	155	240
Interest accrued on bank deposits	3	86
	<u>842</u>	<u>1,357</u>
	<b>For the 15 months period ended</b>	<b>For the year ended</b>
	<b>Mar 31, 2017</b>	<b>Dec 31, 2015</b>
<b>22 REVENUE FROM OPERATIONS</b>		
(Refer note 2.7)		
Software services	9,902	12,090
	<u>9,902</u>	<u>12,090</u>
<b>23 OTHER INCOME</b>		
(Refer note 2.8 and 2.9)		
Interest income on bank deposits	320	403
Interest income on loans to fellow subsidiaries [Refer note 35]	280	224
Dividend income	239	-
Profit on sale of tangible assets (net)	18	8
Provision for doubtful advances no longer required written back	112	-
Liabilities no longer required written back	77	388
Foreign exchange gain (net)	-	136
Miscellaneous income	28	44
	<u>1,074</u>	<u>1,203</u>

## Notes forming part of the Financial Statements

(All amounts in Rs. Lakhs, unless otherwise stated)

	<b>For the 15 months period ended</b>	<b>For the year ended</b>
	<b>Mar 31, 2017</b>	<b>Dec 31, 2015</b>
<b>24 EMPLOYEE BENEFITS EXPENSE</b>		
(Refer note 2.11)		
Salaries, allowances and bonus	5,918	5,796
Contribution to provident and other funds	331	341
Gratuity expenses	126	125
Staff welfare expenses	126	188
	<b>6,501</b>	<b>6,450</b>
<b>25 FINANCE COSTS</b>		
Interest expenses on borrowings	15	19
	<b>15</b>	<b>19</b>
<b>26 DEPRECIATION AND AMORTISATION EXPENSE</b>		
(Refer note 2.2, 2.5 and 2.6)		
Depreciation on property, plant & equipment	260	337
Amortisation on intangible assets	20	52
	<b>280</b>	<b>389</b>
<b>27 OTHER EXPENSES</b>		
(Refer note 2.2, 2.9, 2.13 and 2.18)		
Project work expenses	754	1,210
Power and fuel	158	184
Rent including lease rentals [Refer note 36]	470	419
Repairs and maintenance:		
Computer equipments	261	251
Leasehold improvements	11	-
Others	207	199
Insurance	95	61
Rates and taxes	16	16
Communication	338	185
Travelling and conveyance	481	649
Business promotion	136	148
Training and development	31	121
Expenditure towards Corporate Social Responsibility (CSR) activities [Refer note 38]	15	16
Legal and professional	418	288
Advances written off	-	6
Foreign exchange loss (net)	306	-
Provision for doubtful debts (net)	910	78
Provision for doubtful advances	-	144
Directors' sitting fees	34	19
Provision for mark to market losses on derivatives	-	1
Miscellaneous expenses	159	131
	<b>4,800</b>	<b>4,126</b>

## Notes forming part of the Financial Statements

(All amounts in Rs. Lakhs, unless otherwise stated)

	<u>As at</u>	<u>As at</u>
	<u>Mar 31, 2017</u>	<u>Dec 31, 2015</u>
Auditors' remuneration (*) (included under Legal and professional)		
Statutory audit	93	70
Limited review of quarterly financial results	46	33
Certifications	-	4
Out-of-pocket expenses	6	8

(\*) Excludes service tax.

### 28 CONTINGENT LIABILITIES

(Refer note 2.17)

(i) Claims against the Company not acknowledged as debts:

Income tax matters [Note (b)]	2,277	2,210
Service tax matters [Note (c)]	2,359	2,359
	<u>4,636</u>	<u>4,569</u>

(ii) (a) During the quarter ended March 31, 2016, one of the customers of the Company has disputed its outstanding balance of INR 960 as on March 31, 2016. Arbitration proceeding for this dispute is ongoing. However as a matter of abundant caution, provision has been made for the amounts due.

(b) The above customer has made a claim on the company for the damages incurred by them to the extent of INR 1821, which has not been accepted by the Company.

#### Notes:

- (a) The above contingent liabilities are possible obligation or present obligation that may (but probably will not) require an outflow of resources.
- (b) Represents various income tax demands under appeal.
- (c) Represents service tax amount on select categories of transactions relating to financial years 2007-08 to 2011-12 set out in a show cause notice issued by the Commissioner of Service Tax, Bangalore, which is responded by the Company. Based on consultation with legal counsel, the Company has filed a formal reply to the show cause notice.
- (d) It is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings.
- (e) The Company does not expect any reimbursements in respect of the above contingent liabilities.

(All amounts in Rs. Lakhs, unless otherwise stated)

	As at	As at
	Mar 31, 2017	Dec 31, 2015
<b>29 CAPITAL AND OTHER COMMITMENTS</b>		
<b>(a) Capital Commitments</b>		
Estimated value of contracts in capital account remaining to be executed (net of advances)	8	18

**(b) Other Commitments**

- (i) The Company has export obligations under the Software Technology Parks of India (STPI) scheme. In accordance with such scheme, the Company procures capital goods without payment of duties, for which, agreements and bonds are executed by the Company in favour of the Government. In case the Company does not fulfil the export obligation, it is liable to pay, on demand an amount equal to such duties saved including interest and liquidated damages. As at March 31, 2017, the Company has availed duty benefits amounting to Rs.178 (2015: Rs. 178). The Company expects to meet its commitment to earn requisite revenue in foreign currency as stipulated by the STPI regulations.
- (ii) As at March 31, 2017, Xchanging Solutions (USA) Inc, USA, Company's wholly owned subsidiary, has negative net assets amounting to Rs. 21,221 (2015: Rs. 23,713). While the subsidiary is confident of generating funds from their operations, the Company intends to support the shortfall, if any.

**30 DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE****a. Derivatives outstanding as at the reporting date**

Particulars	Purpose	As at Mar 31, 2017	As at Dec 31, 2015
Forward contracts to sell USD	Hedge of foreign exchange trade receivables	-	1,490
<b>Total</b>		-	<b>1,490</b>

**b. Particulars of unhedged foreign currency exposures as at the reporting date**

Particulars	As at Mar 31, 2017		As at Dec 31, 2015	
	Trade Payable	GBP: 352,682*	288	GBP: 253,750*
	MYR: 3,731*	1	MYR: 2,198*	**
	SGD: 109,244*	51	SGD: 6,888*	3
	USD: 135,119*	88	USD: 77,999*	52
	EUR: 704*	**		
		<b>428</b>		<b>304</b>

## Notes forming part of the Financial Statements

(All amounts in Rs. Lakhs, unless otherwise stated)

Trade Receivables	EUR: 139,266*	98	AUD: 1,660*	1
	GBP: 251,936*	198	EUR: 71840*	52
	SGD: 66,287*	31	GBP: 1,030,048*	1,011
	USD: 3,035,515*	2,185	MYR: 44,186*	7
			USD: 3,243,986*	2,148
		<b>2,512</b>		<b>3,219</b>

\* Amounts are in absolute figures

\*\* Amount is below the rounding off norm adopted by the Company

### c. Mark-to-Market (gains)/ losses

Particulars	As at	As at
	Mar 31, 2017	Dec 31, 2015
Mark-to-market losses recognised in income statement	-	1

	For the 15 months period ended	For the year ended
	Mar 31, 2017	Dec 31, 2015
<b>31 EXPENDITURE IN FOREIGN CURRENCY</b>		
Project work expenses	319	951
Travelling and conveyance	157	314
Communication	39	76
Business Promotion	51	33
Others	261	221
	<b>827</b>	<b>1,595</b>
<b>32 EARNINGS IN FOREIGN EXCHANGE</b>		
Software services	8,813	11,087
	<b>8,813</b>	<b>11,087</b>

### 33 EMPLOYEE BENEFITS EXPENSE

#### (a) Defined Contribution Plans

**Provident Fund and Other Funds:** During the period, the Company has recognised Rs. 331 (2015: Rs. 341) in the Statement of Profit and Loss relating to provident fund and other funds, which is included in the 'Contribution to provident and other funds'.

#### (b) Defined Benefit Plan

**Gratuity (unfunded):** The Company provides for gratuity, a defined benefit plan (the "gratuity plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The gratuity plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee's last drawn salary and years of employment with the Company.

The following tables summarise the components of expense recognised in the Statement of Profit and Loss and amounts recognised in the Balance Sheet for the gratuity plan:

## Notes forming part of the Financial Statements

(All amounts in Rs. Lakhs, unless otherwise stated)

	As at Mar 31, 2017	As at Dec 31, 2015
<b>(i) Change in Present Value of Defined benefit obligation</b>		
Balance at the beginning of the year	399	352
Current Service Cost	103	68
Interest Cost	65	29
Actuarial (Gains) / Losses	(42)	28
Benefits paid	(147)	(78)
<b>Present Value of Defined benefit obligation at the end of the period</b>	<b>378</b>	<b>399</b>
<b>(ii) Assets and Liabilities recognised in the Balance Sheet</b>		
Present Value of Defined Benefit Obligation	378	399
(Less): Fair Value of Plan Assets	-	-
<b>Amounts recognised as liability</b>	<b>378</b>	<b>399</b>
Recognised under:		
Long-term provisions (Refer Note 7)	317	308
Short-term provisions (Refer Note 10)	61	91
	<b>378</b>	<b>399</b>
	<b>For the 15 months period ended Mar 31, 2017</b>	<b>For the year ended Dec 31, 2015</b>
<b>(iii) Expense recognised in the Statement of Profit and Loss</b>		
Current Service Cost	103	68
Interest Cost	65	29
Actuarial (Gains) / Losses	(42)	28
<b>Total Expense</b>	<b>126</b>	<b>125</b>
	<b>As at Mar 31, 2017</b>	<b>As at Dec 31, 2015</b>
<b>(iv) Actuarial Assumptions</b>		
Discount Rate	6.80% - 7.94%	8.08%
Expected Return on Plan Assets	N/A	N/A
Attrition Rate	20% - 29%	25%
Increase in Compensation Cost	9.00% - 9.25%	9.25%
Retirement Age	65	65

(All amounts in Rs. Lakhs, unless otherwise stated)

**(v) Amounts recognised in current period and previous four years**

	As on Mar 31, 2017	As on Dec 31, 2015	As on Dec 31, 2014	As on Dec 31, 2013	As on Dec 31, 2012
Defined Benefit Obligation	378	399	352	353	342
Fair Value of plan assets at the end of the period	-	-	-	-	-
Amount recognized in Balance Sheet (Liability)	(378)	(399)	(352)	(353)	(342)
Experience adjustments in plan assets gains / (losses)	-	-	-	-	-
Experience adjustments in plan liabilities gains / (losses)	42	(28)	23	19	13
(Gains) / losses due to change in assumptions	-	-	-	-	4

**Notes:**

- (i) The estimates of future salary increases, considered in the actuarial valuation, takes into account, inflation, seniority, promotions and other relevant factors, such as supply and demand in the employment market.
- (ii) The discount rate is based on the prevailing market yields of Indian government securities as at the Balance Sheet date for the estimated term of the obligation.

**34 SEGMENT REPORTING**

(Refer note 2.12)

The entire operation of the Company relate only to one segment "Software Services" and hence there are no primary segment to be reported.

The secondary segment information as per Accounting Standard 17 "Segment Reporting" in relation to the geographies is as follows:

	Revenue by location of customers		Carrying amount of segment assets by location of the assets		Addition to Fixed Assets	
	Mar 31, 2017	Dec 31, 2015	Mar 31, 2017	Dec 31, 2015	Mar 31, 2017	Dec 31, 2015
Europe	4,850	5,888	581	1,794	-	-
USA	3,478	4,580	7,762	7,435	-	-
India	1,089	1,003	14,464	13,914	99	186
Rest of the World	485	619	44	250	-	-
	<b>9,902</b>	<b>12,090</b>	<b>22,851</b>	<b>23,393</b>	<b>99</b>	<b>186</b>

**35 RELATED PARTY DISCLOSURES****A. Names of related parties and nature of relationship:****1) Parties where control exists:****Nature of relationship****Names of related parties****(i) Holding companies:**

Ultimate Holding Company

Xchanging plc, UK

Intermediate holding companies

Xchanging Holdings Limited, UK  
Xchanging BV, The Netherlands

Immediate holding company

Xchanging (Mauritius) Limited, Mauritius ('XML, Mauritius')



<b>(ii) Subsidiary companies</b>	<p>Xchanging Solutions (Europe) Limited, UK ('XSEL, UK')</p> <p>Xchanging Solutions (Singapore) Pte Limited, Singapore ('XSSPL, Singapore')</p> <p>Xchanging Solutions (Malaysia) Sdn Bhd, Malaysia ('XSMSB, Malaysia')</p> <p>Xchanging Solutions (USA) Inc, USA ('XSUI, USA')</p> <p>Nexplicit Infotech India Private Limited, India ('NIPL, India')</p>
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**(iii) Key Managerial Personnel (KMP)**

Non Executive Director & Chairman	David Bauernfeind (Non Executive Director & Chairman (upto May 27, 2016))
Executive Director & Chief Executive Officer	Alok K Sinha (upto November 10, 2016)
Executive Director & Chief Executive Officer	Srikrishna Madhavan (from November 11, 2016)
Chief Financial Officer	Vinod Goel (upto June 15, 2016)
Chief Financial Officer	Rajeev Kachhal (from June 27, 2016 to upto January 9, 2017)
Chief Financial Officer	Suresh Akella (from May 29, 2017)

**2) Other Related Parties with whom transactions have taken place during the period:**

<b>Fellow subsidiaries</b>	<p>Xchanging Integrated Services Victoria Pty Limited, Australia ('XISVPL, Australia')</p> <p>Xchanging Integrated Services Australia Pty Limited, Australia ('XISAPL, Australia')</p> <p>Xchanging Builders (India) Private Limited, India ('XBPL, India')</p> <p>Xchanging Systems and Service Inc., USA ('XSSI, USA')</p> <p>Xchanging Global Insurance Solutions Ltd., UK ('XGISL, UK')</p> <p>Xchanging Technology Services India Private Limited, India ('XTSIPL, India')</p> <p>Xchanging UK Limited, UK ('XUKL, UK')</p> <p>Xchanging Asia Pacific Sdn Bhd, Malaysia ('XAPSB, Malaysia')</p> <p>Xchanging Procurement Services Limited, UK ('XPSL, UK')</p> <p>Ferguson Snell &amp; Associates Ltd, UK ('FSAL, UK')</p> <p>Xchanging Inc. USA ('XI, USA')</p> <p>Ins-sure Services Ltd, UK ('ISL, UK')</p> <p>SBB Services Inc, USA ('SBB, USA')</p> <p>Xchanging Procurement Services Europe SAS, France ('XPSLF, France')</p> <p>Xchanging Deutschland GmbH &amp; Co. KG, Germany ('XDG, Germany')</p> <p>Xchanging (SEA) Pte Ltd, Singapore ('XSPL, Singapore') (effective from current financial period)</p> <p>CSC Technologies India Private Limited, India ('CSC, India') (effective from current financial period)</p> <p>CSC Deutschland GmbH, Germany ('CSC, Germany') (effective from current financial period)</p>
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## Notes forming part of the Financial Statements

(All amounts in Rs. Lakhs, unless otherwise stated)

B. Summary of transactions with related parties is as follows:	Holding companies		Subsidiaries companies		Fellow subsidiaries		Total	
	For the 15 months period ended	For the year ended	For the 15 months period ended	For the year ended	For the 15 months period ended	For the year ended	For the 15 months period ended	For the year ended
	Mar 31, 2017	Dec 31, 2015	Mar 31, 2017	Dec 31, 2015	Mar 31, 2017	Dec 31, 2015	Mar 31, 2017	Dec 31, 2015

### Expenses paid on behalf of the Company:

XSEL, UK	-	-	150	448	-	-	150	448
XSSPL, Singapore	-	-	54	59	-	-	54	59
XSUI, USA	-	-	96	293	-	-	96	293
XUKL, UK	-	-	-	-	9	36	9	36
XTSIPL, India	-	-	-	-	40	111	40	111
XBPL, India	-	-	-	-	29	44	29	44
XGISL, UK	-	-	-	-	158	200	158	200
XSSI, USA	-	-	-	-	5	-	5	-
CSC, India	-	-	-	-	145	-	145	-
FSAL, UK	-	-	-	-	10	26	10	26
<b>Total</b>	-	-	<b>300</b>	<b>800</b>	<b>396</b>	<b>417</b>	<b>696</b>	<b>1,217</b>

### Expenses paid on behalf of the related party:

XSEL, UK	-	-	-	16	-	-	-	16
XSSPL, Singapore	-	-	-	14	-	-	-	14
XSUI, USA	-	-	-	77	-	-	-	77
XGISL, UK	-	-	-	-	1	51	1	51
XTSIPL, India	-	-	-	-	117	110	117	110
XAPSB, Malaysia	-	-	-	-	-	6	-	6
XUKL, UK	-	-	-	-	-	18	-	18
<b>Total</b>	-	-	-	<b>107</b>	<b>118</b>	<b>185</b>	<b>118</b>	<b>292</b>

### Interest income on loans:

XTSIPL, India	-	-	-	-	135	63	135	63
XBPL, India	-	-	-	-	145	161	145	161
<b>Total</b>	-	-	-	-	<b>280</b>	<b>224</b>	<b>280</b>	<b>224</b>

### Revenue:

XSUI, USA	-	-	2,879	2,480	-	-	2,879	2,480
XISAPL, Australia	-	-	-	-	-	49	-	49
XGISL, UK	-	-	-	-	1262	1,444	1,262	1,444
XPSL, UK	-	-	-	-	-	53	-	53
XTSIPL, India	-	-	-	-	1	107	1	107
SBB, USA	-	-	-	-	-	4	-	4
CSC, India	-	-	-	-	210	-	210	-
CSC, Germany	-	-	-	-	22	-	22	-
<b>Total</b>	-	-	<b>2,879</b>	<b>2,480</b>	<b>1,495</b>	<b>1,657</b>	<b>4,374</b>	<b>4,137</b>

## Notes forming part of the Financial Statements

(All amounts in Rs. Lakhs, unless otherwise stated)

C. Summary of balances of related parties is as follows:	Holding companies As at		Subsidiaries companies As at		Fellow subsidiaries As at		Total As at	
	Mar 31, 2017	Dec 31, 2015	Mar 31, 2017	Dec 31, 2015	Mar 31, 2017	Dec 31, 2015	Mar 31, 2017	Dec 31, 2015

### Trade Receivables:

XSUI, USA	-	-	821	1,387	-	-	821	1,387
XPSL, UK	-	-	-	-	-	28	-	28
XGISL, UK	-	-	-	-	241	577	241	577
XTSIPL, India	-	-	-	-	90	15	90	15
CSC, India	-	-	-	-	82	-	82	-
CSC, Germany	-	-	-	-	21	-	21	-
SBB, USA	-	-	-	-	-	11	-	11
<b>Total</b>	<b>-</b>	<b>-</b>	<b>821</b>	<b>1,387</b>	<b>434</b>	<b>631</b>	<b>1,255</b>	<b>2,018</b>

### Trade Payables:

XSEL, UK	-	-	12	45	-	-	12	45
XBPL, India	-	-	-	-	-	1	-	1
FSAL, UK	-	-	-	-	8	3	8	3
XSSPL, Singapore	-	-	52	4	-	-	52	4
NIPL, India	-	-	85	85	-	-	85	85
XSUI, USA	-	-	48	40	-	-	48	40
XUKL, UK	-	-	-	-	20	16	20	16
XGISL, UK	-	-	-	-	235	163	235	163
XTSIPL, India	-	-	-	-	8	44	8	44
XSSI, USA	-	-	-	-	4	-	4	-
CSC, India	-	-	-	-	42	-	42	-
Xchanging plc, UK	7	9	-	-	-	-	7	9
<b>Total</b>	<b>7</b>	<b>9</b>	<b>197</b>	<b>174</b>	<b>317</b>	<b>227</b>	<b>521</b>	<b>410</b>

### Expenses Recoverable:

XSEL, UK	-	-	1	-	-	-	1	-
XSSPL, Singapore	-	-	1	9	-	-	1	9
XSUI, USA	-	-	7	73	-	-	7	73
XGISL, UK	-	-	-	-	14	17	14	17
XUKL, UK	-	-	-	-	53	1	53	1
XTSIPL, India	-	-	-	-	22	39	22	39
XSPL, Singapore	-	-	-	-	3	-	3	-
XDG, Germany	-	-	-	-	-	5	-	5
<b>Total</b>	<b>-</b>	<b>-</b>	<b>9</b>	<b>82</b>	<b>92</b>	<b>62</b>	<b>101</b>	<b>144</b>

## Notes forming part of the Financial Statements

(All amounts in Rs. Lakhs, unless otherwise stated)

Summary of balances of related parties is as follows:	Holding companies As at		Subsidiaries companies As at		Fellow subsidiaries As at		Total As at	
	Mar 31, 2017	Dec 31, 2015	Mar 31, 2017	Dec 31, 2015	Mar 31, 2017	Dec 31, 2015	Mar 31, 2017	Dec 31, 2015

### Loans and Advances (including interest accrued):

XTSIPL, India	-	-	-	-	924	900	924	900
XSUI, USA	-	-	17,283	17,283	-	-	17,283	17,283
XBPL, India	-	-	-	-	1,099	1,279	1,099	1,279
<b>Total</b>	-	-	<b>17,283</b>	<b>17,283</b>	<b>2,023</b>	<b>2,179</b>	<b>19,306</b>	<b>19,462</b>

### Security Deposit Given

XBPL, India	-	-	-	-	-	33	-	33
<b>Total</b>	-	-	-	-	-	<b>33</b>	-	<b>33</b>

### Provision for doubtful advances:

XSUI, USA	-	-	(17,283)	(17,283)	-	-	(17,283)	(17,283)
<b>Total</b>	-	-	<b>(17,283)</b>	<b>(17,283)</b>	-	-	<b>(17,283)</b>	<b>(17,283)</b>

## D. Remuneration paid to the key managerial personnel

Particulars	For the period ended 15 months Mar 31, 2017	For the year ended Dec 31, 2015
Salaries, bonus, etc.	76	56
<b>Total</b>	<b>76</b>	<b>56</b>

**Note:** (i) As gratuity is computed for all the employees in aggregate, the amounts relating to key managerial personnel cannot be individually identified.

## 36 LEASES

### Operating lease

As lessee:

#### In case of assets taken on lease:

The Company has operating lease arrangements for its office premises, guest houses and certain equipment. The lease arrangements for premises and guest houses have been entered up to a maximum of six years from the respective dates of inception. Some of these lease arrangements have price escalation clauses. Rent and hire charges for such operating leases recognised in the Statement of Profit and Loss for the period ended March 31, 2017 amounts to Rs. 470 (2015: Rs. 419).

Future minimum lease payments under operating lease arrangements are as under:

Particulars	Mar 31, 2017	Dec 31, 2015
Not later than one year	270	347
Later than one year and not later than five years	659	818
Later than five years	168	378
<b>Total</b>	<b>1,097</b>	<b>1,543</b>

(All amounts in Rs. Lakhs, unless otherwise stated)

	For the 15 months period ended	For the year ended
	Mar 31, 2017	Dec 31, 2015
<b>37 BASIC AND DILUTED (LOSS) / EARNINGS PER SHARE</b> (Refer note 2.14)		
(Loss) / Profit for the period after tax	(667)	1,364
Nominal value per share (Rs.)	10	10
Weighted average number of equity shares considered for calculating basic (loss) / earnings per share – (A)	111,403,716	111,403,716
<b>(Loss) / earnings per share – Basic (Rs.)</b>	<b>(0.60)</b>	<b>1.22</b>
Add: Weighted average number of potential equity shares under employee stock options – (B)	-	-
Weighted average number of equity shares considered for calculating diluted (loss) / earnings per share – (A + B)	111,403,716	111,403,716
<b>(Loss) / earnings per share – Diluted (Rs.)</b>	<b>(0.60)</b>	<b>1.22</b>

**38 CORPORATE SOCIAL RESPONSIBILITY (CSR)**

As per Sec 135 of the Companies Act, 2013 applicable in the current period, the Company has spent Rs. 15 (2015: Rs. 16) on various CSR initiatives, during the period, which are mentioned below:

Sector in which the project is covered	Mar 31, 2017	Dec 31, 2015
Rotary Club	5	-
Environmental Foundation of India (EFI)	10	-
Ananya Charitable Trust	-	6
Shadi Ganz Foundation Mammomobile Charitable Trust	-	5
Prime Minister's National Relief Fund	-	5
<b>Total</b>	<b>15</b>	<b>16</b>

- 39** The Company has strategic gross investment amounting to Rs. 11,224 (2015: Rs. 11,224) in Xchanging Solutions (USA) Inc, USA, its wholly owned subsidiary. Based on assessment of diminution in the value of investments, the Company has made a provision of Rs. 6,045 (2015: Rs. 6,045) in prior years considering it to be “a decline other than temporary”. The Company has tested the investments for impairment as at period end using cash flow forecasts based on approved budgets by board of ultimate holding Company and using a discounted cash flow method. The Company considers Xchanging Solutions (USA) Inc as a strategic long term investment and based on future growth projections, in the opinion of the management, the remaining value of the investments is not impaired. Further, the Company has granted loans and advances aggregating to Rs. 17,283 (2015: Rs. 17,283) and the same was provided in prior years considering it to be doubtful of recovery. The company also has receivables (net of payables and provision) from the subsidiary amounting to Rs. 780 (2015: Rs. 1,420), based on the evaluation of recoverability, the net receivables is considered good and recoverable.
- 40** The Company has strategic gross investments amounting to Rs. 2,222 (2015: Rs. 2,222) in Xchanging Solutions (Europe) Limited, UK, its wholly owned subsidiary. Based on assessment of diminution in the value of investments, the Company has made a provision of Rs. 2,222 (2015: Rs. 2,222) in prior years considering it to be “a decline other than temporary”. The Company has done the assessment of investment as at the period end and as a result of such assessment no change is identified in the assessment done in the previous year. Further, the Company also has payables to the subsidiary amounting to Rs. 11 (2015: Rs. 45).

- 41** On August 1, 2002, the Company issued 1,500,000, 11% debentures of face value of Rs. 100 each. The debentures were repayable at par at the end of five years from the date of issuance. Based on the orders of the Debt Recovery Tribunal, the Company had issued duplicate debenture certificates for 625,000 debentures in favour of a Bank and these debentures were redeemed in June 2007. Post redemption of these debentures, a civil suit was filed against the Company by Third Party claiming rights over the said 625,000 debentures. On the basis of an interim application filed by the Third Party, the Hon'ble High Court passed an Interim Order in restraining the Company from reflecting the redemption of debentures and directing the Company to continue to show it as due and payable. The Hon'ble Madras High Court vide order dated September 28, 2016 dismissed the suit filed by the said Third Party and also set aside the interim order. The Third Party has approached the Hon'ble Supreme Court against the said order of the Hon'ble Madras High Court. On January 20, 2017 the Hon'ble Supreme Court has issued notice to the Company. Based on the legal advice obtained, the company is of the opinion that no adjustments are considered necessary.
- 42** CSC Computer Sciences International Operations Limited ("Acquirer"), along with persons acting in concert – Computer Sciences Corporation ("CSC"), CSC Technologies India Private Limited ("CSC India"), and, Computer Sciences Corporation India Private Limited ("CSC IPL", and, collectively CSC, CSC India and CSC IPL are referred to as "PACs") had rejected the discovered price of INR 109/- per equity share, pursuant to which the Delisting Offer was deemed to have failed in terms of regulation 19(1) of the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009. Accordingly, the Acquirer and PACs resumed the mandatory Open Offer in terms of regulation 5A of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. During the tendering period for the mandatory open offer 4,201,162 shares have been tendered. Acquirer and PACs have paid the consideration by January 6, 2017 at INR 41.01 per share to the shareholders who had tendered shares. Accordingly, the process of mandatory Open Offer has been completed. Merchant Banker to the Offer has published the post Open Offer advertisement on January 9, 2017, in the newspapers.

### **43 TRANSFER PRICING**

The Company has carried out international and domestic transactions with associated enterprises. The Company appoints independent consultants to conduct a Transfer Pricing Study to determine whether the transactions with associated enterprises undertaken during the period are on an "arms length basis". For the current period, the transfer pricing study shall be completed within the permissible time under the legislation and adjustments, if any, arising from the transfer pricing study shall be accounted for as and when the study is completed. However, the Management is confident that its international and domestic transactions with associated enterprises are at arm's length so that the aforesaid legislation/transactions will not have any material impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation for the current period.

- 44** The Board of Directors of the Company in their meeting held on August 11, 2016 have extended the current financial year of the Company up to a period of 15 months i.e. January 1, 2016 to March 31, 2017. Subsequently, each financial year of the Company shall commence on April 1 and end on March 31 every year. Previous year figures are not comparable as they are for a period of 12 months.

(All amounts in Rs. Lakhs, unless otherwise stated)

**45 Disclosure as per regulation 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Loans and advances in the nature of loans given to fellow subsidiaries in which directors are interested:

Name of the party	Relationship	Amount outstanding as at Mar 31, 2017	Maximum balance outstanding during the period
Xchanging Technology Services India Private Limited	Common Director	924 (900)	997 (1,021)
Xchanging Builders (India) Private Limited	Common Director	1,099 (1,279)	1,384 (1,317)

Note: Figures in bracket relate to previous year

**46 PREVIOUS YEAR FIGURES**

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current period classification / disclosure.

For **Deloitte Haskins & Sells LLP**  
Chartered Accountants

**Bhavani Balasubramanian**  
Partner

Place : Bangalore  
Date : May 29, 2017

For and on behalf of the Board of Directors

**Srinivasa Raghavan Venkatavaradhan**  
Non Executive Director

Place : Bangalore  
Date : May 29, 2017

**Suresh Akella**  
Chief Financial Officer

Place : Bangalore  
Date : May 29, 2017

**Srikrishna Madhavan**  
Executive Director &  
Chief Executive Officer

Place : Bangalore  
Date : May 29, 2017

**Mayank Jain**  
Company Secretary

Place : Bangalore  
Date : May 29, 2017



# INDEPENDENT AUDITOR'S REPORT

## To the Members of Xchanging Solutions Limited

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **XCHANGING SOLUTIONS LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the Consolidated Balance Sheet as at 31 March, 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the fifteen months period ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

### Management's Responsibility for the Consolidated Financial Statements

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

### Auditor's Responsibility

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

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

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

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at 31 March, 2017, and their consolidated profit and their consolidated cash flows for the fifteen months period ended on that date.

## Independent Auditor's Report

### Emphasis of Matter

We draw attention to Note 36 to the consolidated financial statements, regarding redemption of certain debentures, aggregating to Rs. 625 Lakhs, by the Holding Company in the year 2007. On the basis of an interim application filed by the Third Party, the Hon'ble High Court had passed an Interim Order in September 2007 restraining the Holding Company from reflecting the redemption of debentures and directing the Holding Company to continue to show it as due and payable which Order was made absolute in December 2010. The Hon'ble Madras High Court vide order dated September 28, 2016 dismissed the suit filed by the said Third Party and also set aside the interim order. The Third Party has approached the Hon'ble Supreme Court against the said Order of the Hon'ble Madras High Court. On January 20, 2017 the Hon'ble Supreme Court has issued notice to the Holding Company. Based on the legal advice obtained, the Holding Company is of the opinion that no adjustments are considered necessary in the consolidated financial statements.

Our opinion is not modified in respect of this matter.

### Other Matter

We did not audit the financial information of two subsidiaries incorporated outside India and one subsidiary incorporated in India, whose financial information reflect total assets of Rs. 532 lakhs as at 31 March, 2017, and total revenues of Rs. 38 lakhs for the fifteen months period ended on that date, as considered in the consolidated financial statements. These financial information are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial information are not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below is not modified in respect of the above matter and the financial information certified by the Management.

### Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit 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 of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards prescribed under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31 March, 2017 taken on record by the Board of Directors of the Holding Company none of the directors of the Holding Company, is disqualified as on 31 March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditors' reports of the Holding Company. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Holding company's internal financial controls over financial reporting.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

## Independent Auditor's Report

- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.
- ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company.
- iv. The Holding Company and its components did not have any holdings or dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November, 2016 to 30th December, 2016.

**For DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

(Firm Regn. No 117366WW-100018)

**Bhavani Balasubramanian**

Partner

(Membership No. 22156)

Place : Bangalore

Date : May 29, 2017

## ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

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

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the fifteen months period ended 31 March, 2017 we have audited the internal financial controls over financial reporting of **Xchanging Solutions Limited** (hereinafter referred to as “the Holding Company), as of that date.

#### **Management’s Responsibility for Internal Financial Controls**

The Board of Directors of the Holding company, is responsible for establishing and maintaining internal financial controls based on “the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India” 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 Companies Act, 2013.

#### **Auditor’s Responsibility**

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

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

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

#### **Meaning of Internal Financial Controls over Financial Reporting**

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

## ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

### **Opinion**

In our opinion to the best of our information and according to the explanations given to us, the Holding Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2017, 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 DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm Regn. No 117366WW-100018)

**Bhavani Balasubramanian**  
Partner  
(Membership No. 22156)

Place : Bangalore  
Date : May 29, 2017

# CONSOLIDATED BALANCE SHEET

## XCHANGING SOLUTIONS LIMITED CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2017

(All amounts in Rs. Lakhs, unless otherwise stated)

	Note	As at	
		Mar 31, 2017	Dec 31, 2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	11,140	11,140
Reserves and surplus	4	23,788	22,157
		<u>34,928</u>	<u>33,297</u>
<b>Non-current liabilities</b>			
Long-term borrowings	5	46	91
Other long-term liabilities	6	77	35
Long-term provisions	7	317	617
		<u>440</u>	<u>743</u>
<b>Current liabilities</b>			
Trade payables	8	-	-
a) total outstanding dues of micro enterprises and small enterprises		-	-
b) total outstanding dues of creditors other than micro enterprises and small enterprises		5,485	3,280
Other current liabilities	9	1,246	812
Short-term provisions	10	3,012	3,095
		<u>9,743</u>	<u>7,187</u>
<b>TOTAL</b>		<u><b>45,111</b></u>	<u><b>41,227</b></u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant & equipment	11	215	495
Intangible assets	12	15	22
Goodwill on consolidation	13	15,841	15,841
Deferred tax assets (net)	14	962	703
Long-term loans and advances	15	4,284	4,331
Other non-current assets	16	136	112
		<u>21,453</u>	<u>21,504</u>
<b>Current Assets</b>			
Current investments	17	10,099	-
Trade receivables	18	4,645	4,582
Cash and cash equivalents	19	5,235	10,814
Short-term loans and advances	20	570	557
Other current assets	21	3,109	3,770
		<u>23,658</u>	<u>19,723</u>
<b>TOTAL</b>		<u><b>45,111</b></u>	<u><b>41,227</b></u>

See accompanying notes forming part of the consolidated financial statements  
In terms of our report attached.

For **Deloitte Haskins & Sells LLP**  
Chartered Accountants

**Bhavani Balasubramanian**  
Partner

Place : Bangalore  
Date : May 29, 2017

For and on behalf of the Board of Directors

**Srinivasa Raghavan Venkatavaradhan**  
Non Executive Director

Place : Bangalore  
Date : May 29, 2017

**Suresh Akella**  
Chief Financial Officer

Place : Bangalore  
Date : May 29, 2017

**Srikrishna Madhavan**  
Executive Director &  
Chief Executive Officer

Place : Bangalore  
Date : May 29, 2017

**Mayank Jain**  
Company Secretary

Place : Bangalore  
Date : May 29, 2017

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

## XCHANGING SOLUTIONS LIMITED CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE 15 MONTHS PERIOD ENDED MARCH 31, 2017

(All amounts in Rs. Lakhs, unless otherwise stated)

	Note	For the 15 months period ended Mar 31, 2017	For the year ended Dec 31, 2015
<b>Revenue</b>			
Revenue from operations	22	30,727	27,948
Other income	23	1,390	1,521
<b>Total Revenue</b>		<b>32,117</b>	<b>29,469</b>
<b>Expenses</b>			
Employee benefits expense	24	19,206	17,101
Finance costs	25	15	19
Depreciation and amortisation expense	26	305	420
Other expenses	27	10,675	8,066
<b>Total expenses</b>		<b>30,201</b>	<b>25,606</b>
Profit before tax		1,916	3,863
<b>Tax expense / (benefit)</b>			
Current tax expense		415	649
Deferred tax	14	(259)	294
<b>Net tax expense / (benefit)</b>		<b>156</b>	<b>943</b>
<b>Profit for the period</b>		<b>1,760</b>	<b>2,920</b>
Earnings per Equity Share (of Rs.10 each)	34		
Basic		1.58	2.62
Diluted		1.58	2.62

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached.

For **Deloitte Haskins & Sells LLP**  
Chartered Accountants

**Bhavani Balasubramanian**  
Partner

Place : Bangalore  
Date : May 29, 2017

For and on behalf of the Board of Directors

**Srinivasa Raghavan Venkatavaradhan**  
Non Executive Director

Place : Bangalore  
Date : May 29, 2017

**Suresh Akella**  
Chief Financial Officer

Place : Bangalore  
Date : May 29, 2017

**Srikrishna Madhavan**  
Executive Director &  
Chief Executive Officer

Place : Bangalore  
Date : May 29, 2017

**Mayank Jain**  
Company Secretary

Place : Bangalore  
Date : May 29, 2017



# CONSOLIDATED CASH FLOW STATEMENT

## XCHANGING SOLUTIONS LIMITED

### CONSOLIDATED CASH FLOW STATEMENT FOR THE 15 MONTHS PERIOD ENDED MARCH 31, 2017

(All amounts in Rs. Lakhs, unless otherwise stated)

	For the 15 months period ended	For the year ended
	Mar 31, 2017	Dec 31, 2015
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit before tax</b>	1,916	3,863
<b>Adjustments for:</b>		
Depreciation and amortisation expense	305	420
Profit on sale of fixed assets	(18)	(8)
Foreign exchange loss - unrealised	178	10
Interest income	(600)	(628)
Provision for mark to market losses on derivatives	(1)	1
Provision for doubtful advances	(112)	147
Liabilities no longer required written back	(362)	(608)
Bad debts written off	35	354
Provision for doubtful debts (net)	915	133
Advances written off	-	21
Interest expense	15	19
Operating profit before working capital changes	2,271	3,724
<b>Changes in working capital:</b>		
<i>Adjustments for (increase) / decrease in operating assets:</i>		
Trade receivables	(1,147)	1,579
Other current assets	473	(1,224)
Short-term loans and advances	(34)	288
Long-term loans and advances	159	(383)
<i>Adjustments for increase / (decrease) in operating liabilities:</i>		
Trade payables	2,177	(251)
Other current liabilities	879	(638)
Other long-term liabilities	42	3
Provisions	(459)	47
Cash generated from operations	4,361	3,145
Taxes paid (net of refunds)	(360)	(368)
<b>Net cash generated from operating activities (A)</b>	<b>4,001</b>	<b>2,777</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of tangible / intangible assets	(110)	(216)
Proceeds from sale of tangible assets	112	50
Long term deposits with banks with maturity period more than 3 months but less than 12 months	(12)	7
Long term deposits with banks with maturity period more than 12 months	(86)	95
Interest received	830	602
<b>Net cash (used in) / generated from investing activities (B)</b>	<b>734</b>	<b>538</b>

*Contd....*

## Consolidated Cash Flow Statement

(All amounts in Rs. Lakhs, unless otherwise stated)

	For the 15 months period ended	For the year ended
	Mar 31, 2017	Dec 31, 2015
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from long-term borrowings	44	34
Repayment from long-term borrowings	(107)	(102)
Interest paid	(15)	(19)
<b>Net cash used in financing activities (C)</b>	<b>(78)</b>	<b>(87)</b>
<b>Net (decrease) / increase in cash and cash equivalents (A + B + C)</b>	<b>4,657</b>	<b>3,228</b>
Cash and cash equivalents at the beginning of the year	10,814	7,534
Effect of exchange differences on balances with banks in foreign currency	(149)	52
<b>Cash and cash equivalents at the end of the period</b>	<b>15,322</b>	<b>10,814</b>
Cash on hand	-	-
Balances with banks:		
In current accounts	5,092	3,751
Demand deposits (less than 3 months maturity)	132	7,055
Effect of exchange differences on balances with banks in foreign currency	(1)	8
Net cash and cash equivalents (as defined in AS 3 Cash Flow Statements) included in Note 19	5,223	10,814
Current investments considered as cash equivalents	10,099	-
	<b>15,322</b>	<b>10,814</b>

### Notes:

- (1) Figures in brackets indicate cash outflow.
- (2) Prior year's figures have been regrouped / reclassified wherever necessary to conform with current period's classification.

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached.

For **Deloitte Haskins & Sells LLP**  
Chartered Accountants

**Bhavani Balasubramanian**  
Partner

Place : Bangalore  
Date : May 29, 2017

For and on behalf of the Board of Directors

**Srinivasa Raghavan Venkatavaradhan**  
Non Executive Director

Place : Bangalore  
Date : May 29, 2017

**Suresh Akella**  
Chief Financial Officer

Place : Bangalore  
Date : May 29, 2017

**Srikrishna Madhavan**  
Executive Director &  
Chief Executive Officer

Place : Bangalore  
Date : May 29, 2017

**Mayank Jain**  
Company Secretary

Place : Bangalore  
Date : May 29, 2017

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

## XCHANGING SOLUTIONS LIMITED

### Notes forming part of the Consolidated Financial Statements

(All amounts in Rs. Lakhs, unless otherwise stated)

#### 1. General Information

Xchanging Solutions Limited ('the Company'), incorporated on February 1, 2002, is an information technology (IT) services provider with operations in India and an international presence established through subsidiaries in USA, Singapore and the UK.

Pursuant to agreements, arrangements, amalgamations, etc. (with requisite approvals from various High Courts in India, wherever applicable), the Company has, during earlier years, acquired the IT services businesses (including assets and liabilities) of / from the following entities:

- SSI Limited (Information Technology division with operations in India, USA and several other countries).
- Scandent Group Limited, Mauritius (with operations in USA, Singapore, Germany, etc.).
- Matrix One India Limited (with operations in India).

Pursuant to share purchase agreements between Xchanging (Mauritius) Limited (XML), a wholly owned subsidiary of Xchanging Plc, a listed company incorporated in UK, and the erstwhile principal shareholders of the Company, and consequent open offer to public, XML acquired 75.00% of the outstanding share capital of the Company. Though the open offer process was completed on April 9, 2009, XML obtained the power of operational control of the Company effective January 1, 2009. On June 18, 2015, XML has sold 22.93% of its holding in the Company to its fellow subsidiary Xchanging Technology Services India Private Limited, India ('XTSIPL') and as a result XML holding in the Company has reduced to 52.07%.

Shareholding pattern as at the period-end is given below:

Name of the shareholder	As at	As at
	Mar 31, 2017	Dec 31, 2015
Xchanging (Mauritius) Limited	52.07%	52.07%
Xchanging Technology Services India Private Limited, India	22.93%	22.93%
CSC Technologies India Private Limited *	3.77%	-
Scandent Holding Mauritius Limited **	10.49%	11.82%
AMPS Nominee Limited	-	3.77%
Katra Finance Limited	2.70%	2.70%
Others	8.04%	6.71%
	<b>47.93%</b>	<b>47.93%</b>

\* CSC Technologies India Private Limited (Promoters group) acquired 3.77% of shares on January 6, 2017 through mandatory open offer

\*\* Edelweiss Securities Limited holds shares as Registered Owner from December 29, 2016 onwards. However, Scandent Holding Mauritius Limited is the Beneficial Owner of the Shares.

#### 2. Summary of Significant Accounting Policies

##### 2.1 Basis of accounting and preparation of financial statements

A These consolidated financial statements relate to Xchanging Solutions Limited ('the Company') and its subsidiaries (together 'the Group') and have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

The consolidated financial statements of the Group have been prepared based on a line-by-line consolidation of the balance sheet, statement of profit and loss and cash flow statement of the Company

## Notes forming part of the Consolidated Financial Statements

and its subsidiaries as at and for the period ended March 31, 2017. All material inter-company transactions and balances between the entities included in the consolidated financial statements have been eliminated.

The excess of cost to the Company of its investments in subsidiaries, over its proportionate share in equity of the subsidiaries at the date of acquisition is recognised in the consolidated financial statements as Goodwill and disclosed under Intangible Assets. In case the cost of investment in subsidiaries is less than the proportionate share in equity of the subsidiaries at the date of acquisition, the difference is treated as Capital Reserve and disclosed under Reserves and Surplus or netted off against Goodwill, as may be the case.

The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible in the same manner as the Company's separate financial statements.

### **B Subsidiaries considered in the consolidated financial statements are given below:**

<b>Name of the subsidiary</b>	<b>Country of incorporation</b>	<b>Ownership interest</b>	
<b>Direct subsidiaries:</b>		<b>2017</b>	<b>2015</b>
Xchanging Solutions (Singapore) Pte Limited	Singapore	100%	100%
Xchanging Solutions (Europe) Limited	United Kingdom	100%	100%
Xchanging Solutions (USA) Inc	USA	100%	100%
<b>Step-down subsidiaries:</b>			
Nexplicit Infotech India Private Limited	India	100%	100%
Xchanging Solutions (Malaysia) Sdn Bhd	Malaysia	100%	100%

### **2.2 Use of estimates**

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the period. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

### **2.3 Cash and cash equivalents (for purposes of Cash Flow Statement)**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

### **2.4 Cash flow statement**

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Group are segregated based on the available information.

### **2.5 Property, plant & equipment and depreciation**

- (i) Tangible assets are stated at cost of acquisition less accumulated depreciation and impairment losses. Cost comprises the purchase price and any directly attributable costs of bringing the assets to their working condition for their intended use.
- (ii) Losses arising from the retirement of, and gains or losses arising from disposal of fixed assets which are carried at cost are recognised in the Statement of Profit and Loss.
- (iii) Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

## Notes forming part of the Consolidated Financial Statements

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes etc:

	<b>Years</b>
Computers	2 to 4
Vehicles	2 to 6
Office equipments	3 to 5
Furniture and fixtures	5 to 10

- (iv) Leasehold improvements are amortised over the period of lease or five years, whichever is lower.
- (v) Assets individually costing up to Rupees five thousand are fully depreciated in the year of purchase.
- (vi) Capital work-in-progress: Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

### **2.6 Intangible Assets and Amortisation**

Intangible assets are stated at cost of acquisition less accumulated depreciation and impairment losses. Intangible assets are recognised only if it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets comprise of goodwill and computer software. Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss.

- (i) Goodwill arising on acquisition is the difference between the cost of an acquired business and the aggregate of the fair value of that entity's identifiable assets and liabilities and the same is amortised on a straight-line basis over its economic life or the period defined in the Court scheme.
- (ii) Computer software is amortised over an estimated useful life of one to six years.
- (iii) The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.

### **2.7 Goodwill arising on consolidation**

Goodwill arising on consolidation is carried at the value determined at the date of acquisition of the subsidiary. Goodwill arising on consolidation is not amortised, but is tested for impairment at every balance sheet date.

### **2.8 Revenue recognition**

Revenue is recognised net of service tax to the extent that it is probable that economic benefit will flow to the Group and that revenue can be reliably measured.

- (i) Revenue from time and material contracts are recognised as related services are performed.
- (ii) Revenue from fixed price contracts for delivering services is recognised under the proportionate completion method wherein revenue is recognised based on services performed to date as a percentage of total services to be performed.
- (iii) Revenue from maintenance contracts are recognised rateably over the term of the maintenance contract on a straight-line basis.
- (iv) Revenue from certain services are recognised as the services are rendered, on the basis of an agreed amount in accordance with the agreement entered into by the Group.
- (v) Revenue from sale of user licenses for software application is recognised on transfer of the title in the user license.

## Notes forming part of the Consolidated Financial Statements

- (vi) Provision for estimated losses, if any, on incomplete contracts are recorded in the period in which such losses become probable based on the current contract estimates.
- (vii) Deferred and unearned revenues represent the estimated unearned portion of fees derived from certain fixed-rate service agreements. Unearned revenues for fixed fee contracts are recognised on a pro-rata basis over the term of the underlying service contracts, which are generally one year.
- (viii) Unbilled revenue represents costs and earnings in excess of billings as at the balance sheet date.

### 2.9 Other Income

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

### 2.10 Foreign currency transactions

- (i) Initial recognition:  
On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.
- (ii) Subsequent recognition:  
As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.  
All monetary assets and liabilities in foreign currency are restated at the end of accounting period other than those monetary assets which are provided for being doubtful of recovery.  
Exchange differences on restatement of all monetary items are recognised in the Statement of Profit and Loss.
- (iii) Forward exchange contracts not intended for trading or speculation purposes:  
The premium or discount arising at the inception of forward exchange contracts entered into to hedge an existing asset/liability, is amortised as expense or income over the life of the contract. Exchange differences on such a contract are recognised in the Statement of Profit and Loss in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such a forward exchange contract are recognised as income or as expense for the period.
- (iv) Translation of foreign operations:  
The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the Company itself.  
In translating the financial statements of a non-integral foreign operation for incorporation in financial statements of the Group, the assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation are translated at the closing rate; income and expense items of the non-integral foreign operation are translated at monthly average exchange rates of the transactions; and all resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the investment.  
On the disposal of a non-integral foreign operation, the cumulative amount of the exchange differences which have been deferred and which relate to that operation are recognised as income or as expense in the same period in which the gain or loss on disposal is recognised.  
When there is a change in the classification of a foreign operation, the translation procedures applicable to the revised classification are applied from the date of the change in the classification.
- (v) Forward exchange contracts outstanding as at the period end on account of firm commitment / highly probable forecast transactions are marked to market and the losses, if any, are recognised in the Statement of Profit and Loss and gains are ignored in accordance with the Announcement of Institute of Chartered Accountants of India on 'Accounting for Derivatives' issued in March 2008.



### 2.11 Investments

Long-term investments (excluding investment properties), are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

Investment properties are carried individually at cost less accumulated depreciation and impairment, if any. Investment properties are capitalised and depreciated (where applicable) in accordance with the policy stated for Fixed assets. Impairment of investment property is determined in accordance with the policy stated for Impairment of Assets.

### 2.12 Employee benefits

Employee benefits include provident fund, employee state insurance scheme, employee pension scheme, gratuity fund, compensated absences, employee share-based payments, long service awards, long term incentive plan and long term retention bonus.

- (a) **Provident Fund, Employee Pension Scheme, Employee State Insurance and Other Funds:** Contribution towards provident fund, employee pension scheme, employee state insurance and other funds is made to the regulatory authorities, where the Group has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Group does not carry any further obligations, apart from the contributions made on a monthly basis. The Group's contribution to provident fund, employee state insurance scheme and employee pension scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.
- (b) **Gratuity:** The Group provides for gratuity, a defined benefit plan (the "gratuity plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The gratuity plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee's last drawn salary and years of employment with the Group. The Group's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.
- (c) **Compensated absences:** Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.  

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.
- (d) **Employee Share-based Payments:** Equity settled stock options granted to the employees under Employee Stock Option Plans are accounted for as per the accounting treatment prescribed by Employee Stock Option Scheme and Employee Stock Purchase Guidelines, 1999, issued by Securities and Exchange Board of India and the Guidance Note on Employee Share based Payments issued by the Institute of Chartered Accountants of India. The intrinsic value of the option being excess of market value of the underlying share immediately on the date of grant over its exercise price is recognised as deferred employee compensation with a credit to employee stock option outstanding account. The deferred employee compensation is charged to Consolidated Statement of Profit and Loss on straight line basis over the vesting period of the option. The options that lapse are reversed by a credit to employee compensation expense, equal to the amortised portion of value of lapsed portion and to deferred employee compensation expense equal to the un-amortised portion.

- (e) Other Long Term Employee Benefits – Long Service Award/Long Term Incentive Plan/Long Term Retention Bonus:

The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognized in the Statement of Profit and Loss in the year in which they arise.

### **2.13 Segment Reporting**

The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Company. Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue and expenses, which relate to the Company as a whole and are not allocable to segments on a reasonable basis, is included as "Unallocated". Segment assets includes all the assets except for deferred tax assets which are treated as unallocable.

The dominant source of risk and returns of the enterprise is considered to be the business in which it operates, viz. - Information Technology (IT) Services. The sub businesses are fully aligned to IT Services business of the Group and the same are being viewed by the management as a single business segment. Being a single business segment group, no primary segment information is being provided.

### **2.14 Leases**

As a lessee:

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the lease term.

### **2.15 Earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

### **2.16 Taxes on income**

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty/ virtual certainty, as may be applicable, that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing



evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

### **2.17 Impairment of assets**

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. The following intangible assets are tested for impairment each financial year even if there is no indication that the asset is impaired:

(a) an intangible asset that is not yet available for use; and (b) an intangible asset that is amortised over a period exceeding ten years from the date when the asset is available for use.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

### **2.18 Provisions and contingent liabilities**

**Provisions:** A provision is recognised when the Group has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (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.

Provisions for onerous contracts (i.e., contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it) are recognised when it is probable that cash outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event based on a reliable estimate of such obligation.

**Contingent liabilities:** Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is termed as a contingent liability.

### **2.19 Project work expenses**

Project work expenses represents amounts charged by sub-contractors. These expenses are recognised on an accrual basis.

### **2.20 Service tax input credit**

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is reasonable certainty in availing / utilising the credits.

### **2.21 Operating Cycle**

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of services and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets and liabilities.

## Notes forming part of the Consolidated Financial Statements

(All amounts in Rs. Lakhs, unless otherwise stated)

	As at Mar 31, 2017	As at Dec 31, 2015
<b>3. Share Capital</b>		
<b>Authorised capital:</b>		
125,000,000 (2015: 125,000,000) Equity shares of Rs.10 each	12,500	12,500
<b>Issued, subscribed and paid up capital:</b>		
111,403,716 (2015: 111,403,716) Equity shares of Rs.10 each fully paid up	11,140	11,140
	<b>11,140</b>	<b>11,140</b>

**a) Reconciliation of number of shares and amount outstanding at the beginning and at the end of the reporting period**

Equity Shares	As at Mar 31, 2017		As at Dec 31, 2015	
	Number of Shares	Amount	Number of Shares	Amount
Shares outstanding at the beginning of the period / year	111,403,716	11,140	111,403,716	11,140
Add/(Less): Movement during the period/year	-	-	-	-
<b>Shares outstanding at the end of the period / year</b>	<b>111,403,716</b>	<b>11,140</b>	<b>111,403,716</b>	<b>11,140</b>

**b) Rights, preferences and restrictions attached to shares**

**Equity Shares:** The Company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

**c) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:**

Name of Shareholder	As at Mar 31, 2017		As at Dec 31, 2015	
	Number of Shares		Number of Shares	
Xchanging (Mauritius) Limited, the holding company	58,002,787		58,002,787	
Xchanging Technology Services India Private Limited, subsidiary of Holding Company*	25,550,000		25,550,000	
	<b>83,552,787</b>		<b>83,552,787</b>	

\* Xchanging Technology Services India Private Limited had become the subsidiary of Xchanging (Mauritius) Limited on March 31, 2017.

**d) Details of shares held by each shareholder holding more than 5% shares:**

Name of Shareholder	As at Mar 31, 2017		As at Dec 31, 2015	
	Number of Shares held	Percentage	Number of Shares	Percentage
Xchanging (Mauritius) Limited	58,002,787	52.07	58,002,787	52.07
Xchanging Technology Services India Private Limited	25,550,000	22.93	25,550,000	22.93
Scandent Holding Mauritius Limited	11,691,008	10.49	13,167,551	11.82

# Notes forming part of the Consolidated Financial Statements

(All amounts in Rs. Lakhs, unless otherwise stated)

	As at Mar 31, 2017	As at Dec 31, 2015
<b>4. RESERVES AND SURPLUS</b>		
Capital reserve [Refer note below]		
Balance as at the beginning of the year	361	361
Balance as at the end of the year	361	361
Securities premium:		
Balance as at the beginning of the period	8,417	8,417
Balance as at the end of the period	8,417	8,417
Stock compensation adjustment:		
Balance as at the beginning of the period	7	7
Less: Transferred to statement of profit and loss	(7)	-
Balance as at the end of the period	-	7
Foreign currency translation reserve		
Balance as at the beginning of the period	(748)	(699)
Add / (Less): Movement during the period	(122)	(49)
Balance as at the end of the period	(870)	(748)
Surplus in Statement of Profit and Loss		
Balance as at the beginning of the period	14,120	11,200
Profit for the year	1,760	2,920
Balance as at end of the period	15,880	14,120
	<b>23,788</b>	<b>22,157</b>

**Note:** Capital reserve represents waiver of liability by Scandent Holding Mauritius Limited, erstwhile ultimate holding company.

## 5 LONG TERM BORROWINGS

### Secured

From Banks:

Loan for purchase of Tangible assets [Refer note 9]	46	91
	<b>46</b>	<b>91</b>

Nature of security and terms of repayment for secured borrowings are as follows:

- a) **Nature of security:** Vehicles purchased on loan for employees
- b) **Terms of Repayment:** Monthly payment of equated monthly instalments for a period of 3-6 years (2015: 2-6 years)
- c) **Interest rate:** 9.5% to 10.5% per annum (2015: 9.5% to 13.5% per annum)

## Notes forming part of the Consolidated Financial Statements

(All amounts in Rs. Lakhs, unless otherwise stated)

	As at Mar 31, 2017	As at Dec 31, 2015
<b>6 OTHER LONG-TERM LIABILITIES</b>		
Rent equalisation	77	35
	<u>77</u>	<u>35</u>
<b>7 LONG-TERM PROVISIONS</b> (Refer note 2.12)		
Provision for employee benefits :		
Provision for compensated absences	-	275
Provision for gratuity [Refer note 30]	317	308
Provision for long service award	-	34
	<u>317</u>	<u>617</u>
<b>8 TRADE PAYABLES</b>		
Due to:		
Micro small and medium enterprises [Refer note(i)]	-	-
Related parties [Refer note 32]	958	678
Others	4,527	2,602
	<u>5,485</u>	<u>3,280</u>
<b>9 OTHER CURRENT LIABILITIES</b> (Refer note 2.8 and 2.10)		
Current maturities of long-term borrowings [Refer note 5]	35	53
Income received in advance (Unearned revenue)	652	397
Payable on purchase of fixed assets	3	3
Statutory remittances (Contributions to PF, ESIC, Withholding Taxes, VAT, Service Tax, etc.)	417	345
Advances from customers	139	14
	<u>1,246</u>	<u>812</u>
<b>10 SHORT-TERM PROVISIONS</b> (Refer note 2.10, 2.12 and 2.16)		
Provision for employee benefits:		
Provision for compensated absences	40	135
Provision for gratuity [Refer note 30]	61	91
Provision for long service award	-	8
Other Provisions:		
Provision for mark to market losses on derivatives	-	1
Provision for taxation [Net of advance tax Rs. 3,068 (2015: Rs. 2,895)]	2,911	2,860
	<u>3,012</u>	<u>3,095</u>

**Notes:** There are no dues to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006 as of March 31, 2017 and December 31, 2015, outstanding for more than 45 days on the basis of such parties having been identified by management and relied upon by the auditors.

**11 PROPERTY, PLANT & EQUIPMENT**

(Refer note 2.5 and 2.17)  
(Owned unless specified)

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Gross Block			Depreciation			Net Block			
	As at Jan 1, 2016	Additions	Deletions/ Adjustments	Translation	As at Mar 31, 2017	As at Jan 1, 2016	For the 15 months period	Deletions/ Adjustments	Translation	As at Mar 31, 2017
Leasehold Improvements	1,074	-	342	(2)	730	1,068	3	339	(2)	730
Computers	1,999	43	512	(2)	1,528	1,772	169	498	(2)	1,441
Vehicles	281	53	153	-	181	135	76	108	-	103
Office Equipment	344	2	59	-	287	254	26	31	-	249
Furniture and Fittings	285	-	24	-	261	259	11	21	-	249
Total	3,983	98	1,090	(4)	2,987	3,488	285	997	(4)	2,772

(a)

**As at Dec 31, 2015**

Particulars	Gross Block			Depreciation			Net Block			
	As at Jan 1, 2015	Additions	Deletions/ Adjustments	Translation	As at Dec 31, 2015	As at Jan 1, 2015	For the year	Deletions/ Adjustments	Translation	As at Dec 31, 2015
Leasehold Improvements	1,088	3	3	(14)	1,074	1,040	45	3	(14)	1,068
Computers	2,898	97	1,013	17	1,999	2,570	199	1,012	15	1,772
Vehicles	401	40	160	-	281	165	88	118	-	135
Office Equipment	438	18	112	-	344	341	25	112	-	254
Furniture and Fittings	409	-	128	4	285	372	11	128	4	259
Total	5,234	158	1,416	7	3,983	4,488	368	1,373	5	3,488

Note: Adjustments include items no longer used by the group.

**(b) Depreciation expense**

Particulars	For the 15 months period ended Mar 31, 2017	For the year ended Dec 31, 2015
Depreciation for the period on property, plant & equipment	285	368
Total	285	368

**12 INTANGIBLE ASSETS**

(Refer note 2.6 and 2.17)

Particulars	Gross Block			Amortisation			Net Block		
	As at Jan 1, 2016	Additions	Deletions/ Adjustments	Translation	As at Mar 31, 2017	For the 15 months period	Deletions/ Adjustments	Translation	As at Mar 31, 2017
Goodwill acquired	830	-	-	(32)	798	-	-	(32)	798
Computer software	37	13	-	-	50	20	-	-	35
Total	867	13	-	(32)	848	20	-	(32)	833

**As at Dec 31, 2015**

Particulars	Gross Block			Amortisation			Net Block		
	As at Jan 1, 2015	Additions	Deletions/ Adjustments	Translation	As at Dec 31, 2015	For the year	Deletions/ Adjustments	Translation	As at Dec 31, 2015
Goodwill acquired	777	-	-	53	830	-	-	53	830
Computer software	5,440	52	5,677	222	37	52	5,677	222	15
Total	6,217	52	5,677	275	867	52	5,677	275	845

**(b) Amortisation expense**

Particulars	For the 15 months period ended Mar 31, 2017	For the year ended Dec 31, 2015
Amortisation for the period on intangible assets	20	52
Total	20	52

## Notes forming part of the Consolidated Financial Statements

(All amounts in Rs. Lakhs, unless otherwise stated)

	As at Mar 31, 2017	As at Dec 31, 2015
<b>13 GOODWILL ON CONSOLIDATION</b>		
(Refer note 2.7)		
Opening Balance	15,841	15,841
Add: On acquisition of subsidiaries during the period	-	-
<b>Total</b>	<b>15,841</b>	<b>15,841</b>

### 14 DEFERRED TAX ASSETS (NET)

(Refer note 2.16)

Details of deferred tax assets and liabilities as at March 31, 2017 comprise of the following:

Particulars	As at Jan 1, 2016	(Credit)/ Charged to Statement of Profit and Loss	As at Mar 31, 2017
<b>Deferred Tax Assets</b>			
Depreciation	295	26	269
Provision for gratuity	138	7	131
Provision for compensated absences	18	5	13
Provision for other employee benefits	58	31	27
Provision for doubtful debts	44	(315)	359
Others	150	(13)	163
<b>Total (A)</b>	<b>703</b>	<b>(259)</b>	<b>962</b>
<b>Deferred Tax Liabilities (B)</b>	-	-	-
<b>Deferred Tax Assets (Net) (A)-(B)</b>	<b>703</b>	<b>(259)</b>	<b>962</b>

#### As at December 31, 2015

Particulars	As at Jan 1, 2015	(Credit)/ Charged to Statement of Profit and Loss	As at Dec 31, 2015
<b>Deferred Tax Assets</b>			
Depreciation	291	(4)	295
Provision for gratuity	120	(18)	138
Provision for compensated absences	16	(2)	18
Provision for other employee benefits	152	94	58
Provision for doubtful debts	55	11	44
Others	363	213	150
<b>Total (A)</b>	<b>997</b>	<b>294</b>	<b>703</b>
<b>Deferred Tax Liabilities (B)</b>	-	-	-
<b>Deferred Tax Assets (Net) (A)-(B)</b>	<b>997</b>	<b>294</b>	<b>703</b>

## Notes forming part of the Consolidated Financial Statements

(All amounts in Rs. Lakhs, unless otherwise stated)

	As at Mar 31, 2017	As at Dec 31, 2015
<b>15 LONG-TERM LOANS AND ADVANCES</b>		
(Refer note 2.2)		
Unsecured, considered good (unless otherwise stated)		
Loans and advances to fellow subsidiaries [Refer note 32]	1,868	1,868
Capital advances	-	2
Security deposits		
- Considered good	683	478
- Considered doubtful	4	8
(Less): Provision for doubtful security deposits	(4)	(8)
Advances recoverable in cash or kind	1,300	1,300
Balances with Government Authorities (Service tax)		
- Considered good	408	682
- Considered doubtful	287	389
(Less): Allowance for doubtful advances	(287)	(389)
Prepaid Expenses	25	1
	<u>4,284</u>	<u>4,331</u>
<b>16 OTHER NON-CURRENT ASSETS</b>		
Long term deposits with banks with maturity period more than 12 months [Held as lien by bank Rs. 110 (2015: Rs. 30)]	125	39
Interest accrued on loans to fellow subsidiaries	-	71
Interest accrued on bank deposits	11	2
	<u>136</u>	<u>112</u>
<b>17 CURRENT INVESTMENTS</b>		
<b>(Unquoted, at lower of cost and fair value, unless otherwise stated)</b>		
(Refer note 2.11)		
Investment in mutual funds [Refer note (i) below]	10,099	-
	<u>10,099</u>	<u>-</u>
(i) Current investments include investments in the nature of "Cash and cash equivalents" (as defined in AS 3 Cash Flow Statements) amounting to Rs. 10,099, considered as part of Cash and cash equivalents in the Cash Flow Statement.		
<b>18 TRADE RECEIVABLES</b>		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good:	2,308	161
Unsecured, considered doubtful:	1,080	165
Less: Provision for doubtful trade receivables	(1,080)	(165)
	<u>2,308</u>	<u>161</u>
Other Trade receivables		
Unsecured, considered good	2,337	4,421
	<u>4,645</u>	<u>4,582</u>



## Notes forming part of the Consolidated Financial Statements

(All amounts in Rs. Lakhs, unless otherwise stated)

	As at Mar 31, 2017	As at Dec 31, 2015
<b>19 CASH AND CASH EQUIVALENTS</b>		
(Refer note 2.3)		
Cash and Cash equivalents (as per AS 3 Cash Flow Statements)		
Cash on hand	-	-
Balances with banks		
In current accounts	5,091	3,759
In demand deposit accounts (less than 3 months maturity)	132	7,055
Total - Cash and cash equivalents (as per AS 3 Cash Flow Statements) (A)	<u>5,223</u>	<u>10,814</u>
Other bank balances		
Long Term Deposit with maturity more than 3 months but less than 12 months	12	-
Total - Other bank balances (B)	<u>12</u>	<u>-</u>
Total Cash and cash equivalents (A+B)	<u><b>5,235</b></u>	<u><b>10,814</b></u>
Fixed Deposits with Banks include:		
Rs. 108 (2015: Rs. 105) which are under lien for issue of bank guarantees		
<b>Note:</b> The Company did not have any holdings or dealings in specified bank notes as defined in the notification S.O. 3407(E) dated November 8, 2016 of the Ministry of Finance, during the period from November 8, 2016 to December 30, 2016.		
<b>20 SHORT-TERM LOANS AND ADVANCES</b>		
(Refer note 2.2)		
Unsecured considered good unless otherwise stated		
Loans and advances to fellow subsidiaries [Refer note 32]	218	244
Security deposits	69	123
Balances with Government Authorities		
- Considered good	32	17
- Considered doubtful	-	10
Less: Allowance for doubtful advances	-	(10)
Prepaid Expenses	83	78
Other Loans and Advances	168	95
	<u><b>570</b></u>	<u><b>557</b></u>
<b>21 OTHER CURRENT ASSETS</b>		
(Refer note 2.8 and 2.10)		
Unsecured considered good unless otherwise stated		
Unbilled revenue	2,951	3,444
Interest accrued on loans to fellow subsidiaries [Refer note 32]	155	240
Interest accrued on bank deposits	3	86
	<u><b>3,109</b></u>	<u><b>3,770</b></u>

## Notes forming part of the Consolidated Financial Statements

(All amounts in Rs. Lakhs, unless otherwise stated)

	For the 15 months period ended	For the year ended
	Mar 31, 2017	Dec 31, 2015
<b>22 REVENUE FROM OPERATIONS</b> (Refer note 2.8)		
Software services	30,727	27,948
	<u>30,727</u>	<u>27,948</u>
<b>23 OTHER INCOME</b> (Refer note 2.9 and 2.10)		
Interest income on bank deposits	320	404
Interest income on loans to fellow subsidiaries [Refer note 32]	280	224
Dividend income	239	-
Profit on sale of tangible assets (net)	18	8
Provisions for doubtful advances no longer required written back	112	-
Liabilities no longer required written back	355	608
Foreign exchange gain (net)	-	183
Miscellaneous income	66	94
	<u>1,390</u>	<u>1,521</u>
<b>24 EMPLOYEE BENEFITS EXPENSE</b> (Refer note 2.12)		
Salaries, allowances and bonus	17,052	14,949
Contribution to provident and other funds	607	682
Gratuity expenses	126	125
Staff welfare expenses	1,421	1,345
	<u>19,206</u>	<u>17,101</u>
<b>25 FINANCE COSTS</b>		
Interest on borrowings	15	19
	<u>15</u>	<u>19</u>
<b>26 DEPRECIATION AND AMORTISATION EXPENSE</b> (Refer note 2.2, 2.5 and 2.6)		
Depreciation on property, plant & equipment	285	368
Amortisation on intangible assets	20	52
	<u>305</u>	<u>420</u>

## Notes forming part of the Consolidated Financial Statements

(All amounts in Rs. Lakhs, unless otherwise stated)

	For the 15 months period ended	For the year ended
	Mar 31, 2017	Dec 31, 2015
<b>27 OTHER EXPENSES</b>		
(Refer note 2.2, 2.10, 2.14 and 2.19)		
Project work expenses	3,971	2,678
Power and fuel	183	202
Rent including lease rentals [Refer note 33]	805	803
Repairs and maintenance:		
Computer equipments	316	256
Leasehold improvements	58	20
Others	261	207
Insurance	216	142
Rates and taxes	16	16
Communication	452	290
Travelling and conveyance	946	874
Business promotion	162	196
Training and development	38	127
Expenditure towards Corporate Social Responsibility (CSR) activities [Refer note 35]	15	16
Legal and professional	1,113	1,318
Advances written off	-	21
Foreign exchange loss (net)	407	-
Bad debts written off	35	354
Provision for doubtful debts (net)	915	133
Provision for doubtful advances	-	147
Directors' sitting fees	34	19
Provision for mark to market losses on derivatives	-	1
Miscellaneous expenses	732	246
	<b>10,675</b>	<b>8,066</b>
Auditors' remuneration (*) (included under Legal and professional)		
Statutory audit	132	98
Limited review of quarterly financial results	46	33
Certifications	-	4
Out-of-pocket expenses	6	8
(*) Excludes service tax.		
<b>28 CONTINGENT LIABILITIES</b>		
(Refer note 2.18)		
(i) Claims against the Company not acknowledged as debts:		
Income tax matters [Note (b)]	2,277	2,210
Service tax matters [Note (c)]	2,359	2,359
	<b>4,636</b>	<b>4,569</b>
(ii) (a) During the quarter ended March 31, 2016, one of the customers of the Company has disputed its outstanding balance of INR 960 as on March 31, 2016. Arbitration proceeding for this dispute is ongoing. However as a matter of abundant caution, provision has been made for the amounts due.		
(b) The above customer has made a claim on the company for the damages incurred by them to the extent of INR 1821, which has not been accepted by the Company.		

# Notes forming part of the Consolidated Financial Statements

(All amounts in Rs. Lakhs, unless otherwise stated)

## Notes:

- (a) The above contingent liabilities are possible obligation or present obligation that may (but probably will not) require an outflow of resources.
- (b) Represents various income tax demands under appeal.
- (c) Represents service tax amount on select categories of transactions relating to financial years 2007-08 to 2011-12 set out in a show cause notice issued by the Commissioner of Service Tax, Bangalore, which is responded by the Company. Based on consultation with legal counsel, the Company has filed a formal reply to the show cause notice.
- (d) It is not practicable for the Group to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings.
- (e) The Group does not expect any reimbursements in respect of the above contingent liabilities.

## 29 CAPITAL AND OTHER COMMITMENTS

### (a) Capital Commitments

Estimated value of contracts in capital account remaining to be executed (net of advances)	8	18
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### (b) Other Commitments

The Company has export obligations under the Software Technology Parks of India (STPI) scheme. In accordance with such scheme, the Company procures capital goods without payment of duties, for which, agreements and bonds are executed by the Company in favour of the Government. In case the Company does not fulfil the export obligation, it is liable to pay, on demand an amount equal to such duties saved including interest and liquidated damages. As at March 31, 2017, the Company has availed duty benefits amounting to Rs. 178 (2015: Rs. 178). The Company expects to meet its commitment to earn requisite revenue in foreign currency as stipulated by the STPI regulations.

## 30 EMPLOYEE BENEFITS EXPENSE

### (a) Defined Contribution Plan

**Provident Fund and Other Funds:** During the period, the Group has recognised Rs. 607 (2015: Rs. 682) in the Statement of Profit and Loss relating to provident fund and other funds, which is included in the 'Contribution to provident and other funds'.

### (b) Defined Benefit Plan

**Gratuity (unfunded):** The Group provides for gratuity, a defined benefit plan (the "gratuity plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The gratuity plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee's last drawn salary and years of employment with the Group.

The following tables summarise the components of expense recognised in the Statement of Profit and Loss and amounts recognised in the Balance Sheet for the gratuity plan:

## Notes forming part of the Consolidated Financial Statements

(All amounts in Rs. Lakhs, unless otherwise stated)

	<b>As at</b>	<b>As at</b>
	<b>Mar 31, 2017</b>	<b>Dec 31, 2015</b>
<b>(i) Change in Present Value of Defined benefit obligation</b>		
Balance at the beginning of the year	399	352
Current Service Cost	103	68
Interest Cost	65	29
Actuarial (Gains) / Losses	(42)	28
Benefits paid	(147)	(78)
<b>Present Value of Defined benefit obligation at the end of the period</b>	<b>378</b>	<b>399</b>
<b>(ii) Assets and Liabilities recognised in the Balance Sheet</b>		
Present Value of Defined Benefit Obligation	378	399
(Less): Fair Value of Plan Assets	-	-
<b>Amounts recognised as liability</b>	<b>378</b>	<b>399</b>
Recognised under:		
Long-term provisions (Refer Note 7)	317	308
Short-term provisions (Refer Note 10)	61	91
	<b>378</b>	<b>399</b>
	<b>For the 15 months period ended</b>	<b>For the year ended</b>
	<b>Mar 31, 2017</b>	<b>Dec 31, 2015</b>
<b>(iii) Expense recognised in the Statement of Profit and Loss</b>		
Current Service Cost	103	68
Interest Cost	65	29
Actuarial (Gains) / Losses	(42)	28
<b>Total Expense</b>	<b>126</b>	<b>125</b>
	<b>As at</b>	<b>As at</b>
	<b>Mar 31, 2017</b>	<b>Dec 31, 2015</b>
<b>(iv) Actuarial Assumptions</b>		
Discount Rate	6.80% - 7.94%	8.08%
Expected Return on Plan Assets	N/A	N/A
Attrition Rate	20% - 29%	25%
Increase in Compensation Cost	9.00% - 9.25%	9.25%
Retirement Age	65	65

## Notes forming part of the Consolidated Financial Statements

### (v) Amounts recognised in current period and previous four years

	As on Mar 31, 2017	As on Dec 31, 2015	As on Dec 31, 2014	As on Dec 31, 2013	As on Dec 31, 2012
Defined Benefit Obligation	378	399	352	353	342
Fair Value of Plan Assets at the end of the period	-	-	-	-	-
Amount recognised in Balance Sheet (Liability)	(378)	(399)	(352)	(353)	(342)
Experience adjustments in Plan Assets gains / (losses)	-	-	-	-	-
Experience adjustments in Plan Liabilities gains / (losses)	42	(28)	23	19	13
(Gains) / losses due to change in assumptions	-	-	-	-	4

#### Notes:

- The estimates of future salary increases, considered in the actuarial valuation, takes into account, inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market.
- The discount rate is based on the prevailing market yields of Indian government securities as at the Balance Sheet date for the estimated term of the obligation.

### 31 SEGMENT REPORTING

(Refer note 2.13)

The entire operation of the Company relate only to one segment "Software Services" and hence there are no primary segment to be reported.

The secondary segment information as per Accounting Standard 17 "Segment Reporting" in relation to the geographies is as follows:

	Revenue by location of customers		Carrying amount of segment assets by location of the assets		Addition to Fixed Assets	
	Mar 31, 2017	Dec 31, 2015	Mar 31, 2017	Dec 31, 2015	Mar 31, 2017	Dec 31, 2015
Europe	5,133	6,233	949	2,148	-	-
USA	16,534	13,678	8,288	5,025	-	-
India	1,177	1,003	14,479	13,914	100	186
Rest of the World	7,883	7,034	20,433	19,437	11	24
	<b>30,727</b>	<b>27,948</b>	<b>44,149</b>	<b>40,524</b>	<b>111</b>	<b>210</b>

### 32 RELATED PARTY DISCLOSURES

#### A. Names of related parties and nature of relationship:

##### 1) Parties where control exists:

##### Nature of relationship

##### Names of related parties

##### (i) Holding companies:

Ultimate Holding Company

Xchanging plc, UK

Intermediate holding companies

Xchanging Holdings Limited, UK  
Xchanging BV, The Netherlands

Immediate holding company

Xchanging (Mauritius) Limited, Mauritius ('XML,  
Mauritius')

## Notes forming part of the Consolidated Financial Statements

(All amounts in Rs. Lakhs, unless otherwise stated)

### (ii) Key Managerial Personnel (KMP)

Non Executive Director & Chairman	David Bauernfeind (Non Executive Director & Chairman (upto May 27, 2016)
Executive Director & Chief Executive Officer	Alok K Sinha (upto November 10, 2016)
Executive Director & Chief Executive Officer	Srikrishna Madhavan (from November 11, 2016)
Chief Financial Officer	Vinod Goel (upto June 15, 2016)
Chief Financial Officer	Rajeev Kachhal (from June 27, 2016 to upto January 9, 2017)
Chief Financial Officer	Suresh Akella (from May 29, 2017)

### 2) Other Related Parties with whom transactions have taken place during the period:

#### Fellow subsidiaries

Xchanging Integrated Services Victoria Pty Limited, Australia ('XISVPL, Australia')

Xchanging Integrated Services Australia Pty Limited, Australia ('XISAPL, Australia')

Xchanging Systems and Service Inc., USA ('XSSI, USA')

Xchanging Global Insurance Solutions Ltd., UK ('XGISL, UK')

Xchanging Technology Services India Private Limited, India ('XTSIPL, India')

Xchanging UK Limited, UK ('XUKL, UK')

Xchanging GmbH, Germany ("XG, Germany")

Xchanging Asia Pacific Sdn Bhd, Malaysia ('XAPSB, Malaysia')

Xchanging HR Services Ltd, UK ('XHRSL, UK')

Xchanging Procurement Services Limited, UK ('XPSL, UK')

Ferguson Snell & Associates Ltd, UK ('FSAL, UK')

Xchanging Inc. USA ('XI, USA')

Xchanging Builders (India) Private Limited, India ('XBPL, India')

Ins-sure Services Ltd, UK ('ISL, UK')

SBB Services Inc, USA ('SBB, USA')

Xchanging Procurement Services Europe SAS, France ('XPSLF, France')

Xchanging International Ltd, UK ('XIL, UK')

Xchanging Deutschland GmbH & Co. KG, Germany ('XDG, Germany')

Xchanging Broking Services Ltd, UK ('XBSL, UK')

Xchanging (SEA) Pte. Limited, Singapore ('XSPL, Singapore')

LPSO Ltd, UK ('LSPO, UK')

CSC Technologies India Private Limited, India ('CSC, India') (effective from current financial period)

CSC Deutschland GmbH, Germany ('CSC, Germany') (effective from current financial period)

CSC Technology Singapore Pte. Ltd ('CSC, Singapore') (effective from current financial period)

## Notes forming part of the Consolidated Financial Statements

(All amounts in Rs. Lakhs, unless otherwise stated)

B. Summary of transactions with related parties is as follows:	Holding companies		Fellow subsidiaries		Total	
	For the 15 Months period ended	For the year ended	For the 15 Months period ended	For the year ended	For the 15 Months period ended	For the year ended
	Mar 31, 2017	Dec 31, 2015	Mar 31, 2017	Dec 31, 2015	Mar 31, 2017	Dec 31, 2015

### Expenses paid on behalf of the Group:

XAPSB, Malaysia	-	-	-	24	-	24
XGISL, UK	-	-	66	178	66	178
XG, Germany	-	-	-	44	-	44
XUKL, UK	-	-	183	167	183	167
FSAL, UK	-	-	12	51	12	51
XPSL, UK	-	-	-	47	-	47
XSSI, USA	-	-	710	411	710	411
XTSIPL, India	-	-	-	303	-	303
CSC, India	-	-	145	-	145	-
CSC, Singapore	-	-	29	-	29	-
XBPL, India	-	-	29	-	29	-
<b>Total</b>	-	-	<b>1,174</b>	<b>1,225</b>	<b>1,174</b>	<b>1,225</b>

### Expenses paid on behalf of related party:

XAPSB, Malaysia	-	-	110	45	110	45
XGISL, UK	-	-	140	435	140	435
XSPL, Singapore	-	-	310	125	310	125
XTSIPL, India	-	-	1,555	1,371	1,555	1,371
XUKL, UK	-	-	19	170	19	170
XPSL, UK	-	-	1	-	1	-
<b>Total</b>	-	-	<b>2,135</b>	<b>2,146</b>	<b>2,135</b>	<b>2,146</b>

### Interest income on loans:

XTSIPL, India	-	-	135	63	135	63
XBPL, India	-	-	145	161	145	161
<b>Total</b>	-	-	<b>280</b>	<b>224</b>	<b>280</b>	<b>224</b>



## Notes forming part of the Consolidated Financial Statements

(All amounts in Rs. Lakhs, unless otherwise stated)

Summary of transactions with related parties is as follows:	Holding companies		Fellow subsidiaries		Total	
	For the 15 Months period ended	For the year ended	For the 15 Months period ended	For the year ended	For the 15 Months period ended	For the year ended
	Mar 31, 2017	Dec 31, 2015	Mar 31, 2017	Dec 31, 2015	Mar 31, 2017	Dec 31, 2015

### Revenue:

XGISL, UK	-	-	1,261	1,532	1,261	1,532
XAPSB, Malaysia	-	-	10	68	10	68
XTSIPL, India	-	-	91	107	91	107
XISAPL, Australia	-	-	-	49	-	49
XPSL, UK	-	-	-	53	-	53
SBB, USA	-	-	-	4	-	4
XSPL, Singapore	-	-	3	2	3	2
CSC, India	-	-	210	-	210	-
CSC, Germany	-	-	22	-	22	-
CSC, Singapore	-	-	67	-	67	-
<b>Total</b>	-	-	<b>1,664</b>	<b>1,815</b>	<b>1,664</b>	<b>1,815</b>

C. Summary of balances of related parties is as follows:	Holding companies		Fellow subsidiaries		Total	
	As at	As at	As at	As at	As at	As at
	Mar 31, 2017	Dec 31, 2015	Mar 31, 2017	Dec 31, 2015	Mar 31, 2017	Dec 31, 2015

### Trade Receivables:

XGISL, UK	-	-	519	657	519	657
XUKL, UK	-	-	-	1	-	1
XAPSB, Malaysia	-	-	164	56	164	56
XPSL, UK	-	-	-	28	-	28
XTSIPL, India	-	-	489	186	489	186
FSAL, UK	-	-	-	33	-	33
SBB, USA	-	-	-	11	-	11
XIL, UK	-	-	-	46	-	46
LPSO Ltd, UK	-	-	-	19	-	19
XSPL, Singapore	-	-	169	2	169	2
CSC, India	-	-	82	-	82	-
CSC, Germany	-	-	21	-	21	-
CSC, Singapore	-	-	69	-	69	-
XSSI, USA	-	-	14	42	14	42
<b>Total</b>	-	-	<b>1,527</b>	<b>1,080</b>	<b>1,527</b>	<b>1,080</b>

## Notes forming part of the Consolidated Financial Statements

(All amounts in Rs. Lakhs, unless otherwise stated)

Summary of balances of related parties is as follows:	Holding companies		Fellow subsidiaries		Total	
	As at	As at	As at	As at	As at	As at
	Mar 31, 2017	Dec 31, 2015	Mar 31, 2017	Dec 31, 2015	Mar 31, 2017	Dec 31, 2015

### Trade Payables:

FSAL, UK	-	-	9	3	9	3
XAPSB, Malaysia	-	-	31	-	31	-
XGISL, UK	-	-	268	163	268	163
XSSI, USA	-	-	98	7	98	7
XUKL, UK	-	-	337	305	337	305
XTSIPL, India	-	-	137	190	137	190
Xchanging plc, UK	7	9	-	-	7	9
XBPL, India	-	-	-	1	-	1
CSC, India	-	-	42	-	42	-
CSC, Singapore	-	-	29	-	29	-
<b>Total</b>	<b>7</b>	<b>9</b>	<b>951</b>	<b>669</b>	<b>958</b>	<b>678</b>

### Expenses Recoverable:

XAPSB, Malaysia	-	-	-	36	-	36
XGISL, UK	-	-	29	90	29	90
XTSIPL, India	-	-	56	41	56	41
XIL, UK	-	-	38	-	38	-
LPSO Ltd, UK	-	-	16	-	16	-
XUKL, UK	-	-	76	19	76	19
XSPL, Singapore	-	-	3	-	3	-
XG, Germany	-	-	-	5	-	5
<b>Total</b>	<b>-</b>	<b>-</b>	<b>218</b>	<b>191</b>	<b>218</b>	<b>191</b>

### Loans and Advances (including interest accrued):

XTSIPL, India	-	-	924	900	924	900
XBPL, India	-	-	1,099	1,279	1,099	1,279
<b>Total</b>	<b>-</b>	<b>-</b>	<b>2,023</b>	<b>2,179</b>	<b>2,023</b>	<b>2,179</b>

### Security Deposit Given

XBPL, India	-	-	-	33	-	33
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>33</b>	<b>-</b>	<b>33</b>

## Notes forming part of the Consolidated Financial Statements

(All amounts in Rs. Lakhs, unless otherwise stated)

### D. Remuneration paid to the key managerial personnel

Particulars	For the period ended 15 month	For the year ended
	Mar 31, 2017	Dec 31, 2015
Salaries, bonus, etc.	76	56
<b>Total</b>	<b>76</b>	<b>56</b>

**Note:** (i) As gratuity is computed for all the employees in aggregate, the amounts relating to key managerial personnel cannot be individually identified.

### 33 LEASES

#### Operating lease

As lessee:

#### In case of assets taken on lease:

The Group has operating lease arrangements for its office premises, guest houses and certain equipment. The lease arrangements for premises and guest houses have been entered up to a maximum of six years from the respective dates of inception. Some of these lease arrangements have price escalation clauses. Rent and hire charges for such operating leases recognised in the Statement of Profit and Loss for the period ended March 31, 2017 amounts to Rs. 805 (2015: Rs. 803).

Future minimum lease payments under operating lease arrangements are as under:

Particulars	Mar 31, 2017	Dec 31, 2015
Not later than one year	325	497
Later than one year and not later than five years	659	901
Later than five years	168	378
<b>Total</b>	<b>1,152</b>	<b>1,776</b>

For the 15 months  
period ended

Mar 31, 2017

For the  
year ended

Dec 31, 2015

### 34 BASIC AND DILUTED EARNINGS PER SHARE

(Refer note 2.15)

Profit for the period after tax	1,760	2,920
Nominal value per share (Rs.)	10	10
Weighted average number of equity shares considered for calculating basic earnings per share – (A)	111,403,716	111,403,716
<b>Earnings per share – Basic (Rs.)</b>	<b>1.58</b>	<b>2.62</b>
Add: Weighted average number of potential equity shares under employee stock options during the year – (B)	-	-
Weighted average number of equity shares considered for calculating diluted earnings per share – (A + B)	111,403,716	111,403,716
<b>Earnings per share – Diluted (Rs.)</b>	<b>1.58</b>	<b>2.62</b>

## Notes forming part of the Consolidated Financial Statements

(All amounts in Rs. Lakhs, unless otherwise stated)

### 35 CORPORATE SOCIAL RESPONSIBILITY (CSR)

As per Sec 135 of the Companies Act, 2013 applicable in the current period, the Company has spent Rs 15 (2015: Rs. 16) on various CSR initiatives, during the period, which are mentioned below:

Sector in which the project is covered	Mar 31, 2017	Dec 31, 2015
Rotary Club	5	-
Environmental Foundation of India (EFI)	10	-
Ananya Charitable Trust	-	6
Shadi Ganz Foundation Mammomobile Charitable Trust	-	5
Prime Minister's National Relief Fund	-	5
<b>Total</b>	<b>15</b>	<b>16</b>

36 On August 1, 2002, the Company issued 1,500,000, 11% debentures of face value of Rs. 100 each. The debentures were repayable at par at the end of five years from the date of issuance. Based on the orders of the Debt Recovery Tribunal, the Company had issued duplicate debenture certificates for 625,000 debentures in favour of a Bank and these debentures were redeemed in June 2007. Post redemption of these debentures, a civil suit was filed against the Company by Third Party claiming rights over the said 625,000 debentures. On the basis of an interim application filed by the Third Party, the Hon'ble High Court passed an Interim Order in restraining the Company from reflecting the redemption of debentures and directing the Company to continue to show it as due and payable. The Hon'ble Madras High Court vide order dated September 28, 2016 dismissed the suit filed by the said Third Party and also set aside the interim order. The Third Party has approached the Hon'ble Supreme Court against the said order of the Hon'ble Madras High Court. On January 20, 2017 the Hon'ble Supreme Court has issued notice to the Company. Based on the legal advice obtained, the company is of the opinion that no adjustments are considered necessary.

37 CSC Computer Sciences International Operations Limited ("Acquirer"), along with persons acting in concert – Computer Sciences Corporation ("CSC"), CSC Technologies India Private Limited ("CSC India"), and, Computer Sciences Corporation India Private Limited ("CSC IPL", and, collectively CSC, CSC India and CSC IPL are referred to as "PACs") had rejected the discovered price of INR 109/- per equity share, pursuant to which the Delisting Offer was deemed to have failed in terms of regulation 19(1) of the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009. Accordingly, the Acquirer and PACs resumed the mandatory Open Offer in terms of regulation 5A of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. During the tendering period for the mandatory open offer 4,201,162 shares have been tendered. Acquirer and PACs have paid the consideration by January 6, 2017 at INR 41.01 per share to the shareholders who had tendered shares. Accordingly, the process of mandatory Open Offer has been completed. Merchant Banker to the Offer has published the post Open Offer advertisement on January 9, 2017, in the newspapers.

### 38 Transfer Pricing

The Group has carried out international and domestic transactions with associated enterprises. The Group appoints independent consultants to conduct a Transfer Pricing Study to determine whether the transactions with associated enterprises undertaken during the period are on an "arms length basis". For the current period, the transfer pricing study shall be completed within the permissible time under the legislation and adjustments, if any, arising from the transfer pricing study shall be accounted for as and when the study is completed. However, the Management is confident that its international and domestic transactions with associated enterprises and within its subsidiaries are at arm's length so that the aforesaid legislation/transactions will not have any material impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation for the current period.

39 The Board of Directors of the Company in their meeting held on August 11, 2016 have extended the current financial year of the Company up to a period of 15 months i.e. January 1, 2016 to March 31, 2017. Subsequently, each financial year of the Company shall commence on April 1 and end on March 31 every year. Previous year figures are not comparable as they are for a period of 12 months.

# Notes forming part of the Consolidated Financial Statements

(All amounts in Rs. Lakhs, unless otherwise stated)

## 40 Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013

Entity	Net assets, i.e., total assets minus total liabilities		Share of profit / (loss)	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount
Xchanging Solutions Limited*	153%	(53,428)	-38%	(667)
<u>Indian Subsidiaries</u>				
Nexplicit Infotech India Private Limited	0%	(99)	0%	-
<u>Foreign Subsidiaries</u>				
Xchanging Solutions (Europe) Limited	1%	(355)	-3%	(54)
Xchanging Solutions (Singapore) Pte Limited	6%	(2,235)	19%	332
Xchanging Solutions (Malaysia) Sdn Bhd	0%	(41)	0%	4
Xchanging Solutions (USA) Inc	-60%	21,229	122%	2,145
<b>Total</b>	<b>100%</b>	<b>(34,929)</b>	<b>100%</b>	<b>1,760</b>

\* Includes elimination adjustments also.

## 41 Disclosure as per regulation 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Loans and advances in the nature of loans given to fellow subsidiaries in which directors are interested:

Name of the party	Relationship	Amount outstanding as at Mar 31, 2017	Maximum balance outstanding during the period
Xchanging Technology Services India Private Limited	Common Director	924 (900)	997 (1,021)
Xchanging Builders (India) Private Limited	Common Director	1,099 (1,279)	1,384 (1,317)

**Note:** Figures in bracket relate to previous year

## 42 PREVIOUS YEAR FIGURES

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current period classification / disclosure.

For **Deloitte Haskins & Sells LLP**  
Chartered Accountants

**Bhavani Balasubramanian**  
Partner

Place : Bangalore  
Date : May 29, 2017

For and on behalf of the Board of Directors

**Srinivasa Raghavan Venkatavaradhan**  
Non Executive Director

Place : Bangalore  
Date : May 29, 2017

**Suresh Akella**  
Chief Financial Officer

Place : Bangalore  
Date : May 29, 2017

**Srikrishna Madhavan**  
Executive Director &  
Chief Executive Officer

Place : Bangalore  
Date : May 29, 2017

**Mayank Jain**  
Company Secretary

Place : Bangalore  
Date : May 29, 2017

## FORM AOC - 1

Pursuant to first proviso to Sub-section (3) of Section 129 read with rule 5 of  
Companies (Accounts) Rules, 2016

**Statement containing salient features of the financials statements of subsidiaries/associates Companies  
/ joint ventures as included in the consolidated Financial Statement**

### Part – “A”: Subsidiaries

(INR in Lakhs)

S. No.	Particulars	Xchanging Solution Europe Ltd.	Xchanging Solutions (USA) Inc.	Xchanging Solutions Singapore Pte Ltd.	Xchanging Solutions (Malaysia) Sdn Bhd.
1.	Date since when subsidiary was acquired	March 31, 2004	July 2, 2004	March 31, 2004	NA#
2.	Reporting period	1 January 2016 -31 March 2017			
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	1GBP=INR 81.54	1\$=INR 65.02	1 SGD=46.64	1MYR=INR14.75
4.	Share Capital	2,172.55	6,456.48	1,072.86	36.87
5.	Reserves & Surplus	(1,816.76)	(27,680.91)	1,164.82	3.92
6.	Total Assets	389.43	6,932.40	4,653.16	43.00
7.	Total Liabilities	33.65	28,156.83	2,415.48	2.21
8.	Investments	-	17.80	54.90	-
9.	Turnover	23.77	15,552.06	7,790.59	6.59
10.	Profit (Loss) before Taxation	15.58	2,114.93	379.62	4.14
11.	Provision for taxation	-	52.50	53.29	-
12.	Profit after taxation	15.58	2,062.43	326.32	4.14
13.	Proposed dividend	-	-	-	-
14.	Extent of shareholding (in percentage)	100%	100%	100%	100%

**Note:**

Names of subsidiary which is under liquidation during the year: NexPLICIT Infotech India Private Limited  
#Xchanging Solutions (Malaysia) Sdn Bhd is a step down subsidiary of the Company.



## Shareholder Information

### XCHANGING SOLUTIONS LIMITED

SJR I-Park, Plot 13, 14, 15.  
EPIP Industrial Area, Phase I  
Whitefield, Bangalore 560066  
Tel +9180 30540000  
Fax +9180 41157394

For Corporate reports and Company News,  
visit our website at: <http://www.xchanging.com/investor-relations/xsl-content>

### STATUTORY AUDITORS

Deloitte Haskins & Sells LLP  
ASV Ramana Towers, 52, Venkatnarayana Road,  
TNagar, Chennai, 600017, India

### COMPLIANCE CONTACT:

Compliance Officer  
Tel +91 803054000  
Fax +91 8041157394  
E-mail: [compliance@asia.xchanging.com](mailto:compliance@asia.xchanging.com)

Listed on the following stock exchanges (Ticker Symbol: XCHANGING)

BSE (Bombay Stock Exchange)

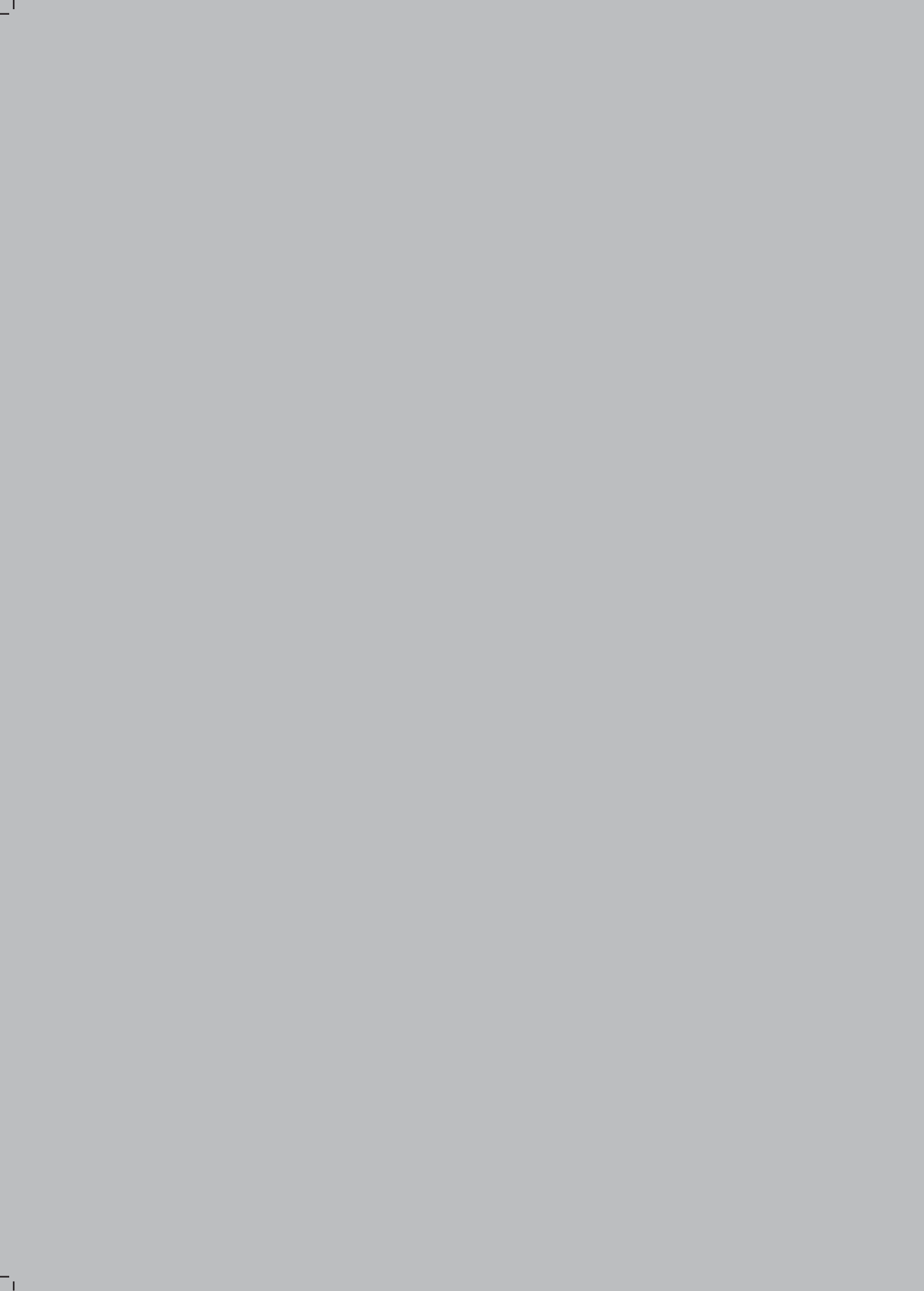
NSE (National Stock Exchange)

The Company got delisted from Madras Stock Exchange and Ahmedabad Stock Exchanges.

### Safe Harbor Statement

Certain statements in this document are forward looking statements which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward looking statements. The risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, intense competition in IT services, including those factors which may affect our cost advantage, wage increases in India, our ability to attract and retain highly skilled professionals, time and cost overruns in fixed price, fixed time frame contracts, client concentration, restrictions on immigration, our ability to manage our international operations, reduced demand for technology in our key focus areas, disruptions in telecommunication networks, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, etc. The company does not undertake to update any forward-looking statement that may be made from time to time by or on behalf of the company.





# XCHANGING SOLUTIONS LIMITED

CIN:L72200KA2002PLC030072

Regd. Office: SJR I-Park, Plot 13, 14, 15,  
EPIP Industrial Area, Phase I, Whitefield, Bangalore 560 066.

Tel.: +91 80 3054 0000; Fax: +91 80 4115 7394

Email: [compliance@asia.xchanging.com](mailto:compliance@asia.xchanging.com), Website: [www.xchanging.com](http://www.xchanging.com)

## NOTICE OF ANNUAL GENERAL MEETING

**Notice** is hereby given that the Sixteenth Annual General Meeting ("AGM") of the members of Xchanging Solutions Limited ("the Company") will be held on Wednesday, September 13, 2017 at 10:00 am at SJR I-Park, Plot 13, 14, 15, EPIP Industrial Area, Phase I, Whitefield, Bangalore 560066 to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt audited Financial Statements (Standalone and Consolidated) of the Company for the financial period ended 31 March 2017 (from 1 January 2016 to 31 March 2017) and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Srinivasa Raghavan Venkatavaradhan (DIN: 01803376) who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s Deloitte Haskins & Sells LLP, Chartered Accountants, (Firm Registration No. 117366WW-1000180) as Statutory Auditors of the Company, who shall hold office from the conclusion of this Annual General Meeting till the conclusion of the 20th annual general meeting, subject to ratification in every annual general meeting till 20<sup>th</sup> annual general meeting on such remuneration as may be mutually agreed upon between the Board of Directors and the Statutory Auditors.

### SPECIAL BUSINESS:

4. To consider and approve appointment of Mr. Srikrishna Madhavan as Managing Director of the Company:

In this regard, it is proposed to consider and if thought fit to pass the following resolution as special resolution:

**"RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 198, Schedule V and all other applicable provisions of the Companies Act, 2013, if any, (including any statutory modifications or re-enactment(s) thereof, for time being in force), applicable regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

and subject to the approval of the Central Government (if any), consent of the shareholders be and is hereby accorded for appointment of Mr. Srikrishna Madhavan (DIN 02795373) as Managing Director of the Company for a period of 3 (three) years with effect from 11 November 2016 on the following broad terms and conditions:

#### A. Tenure:

The appointment of Mr. Srikrishna Madhavan as Managing Director is for a period of 3 years with effect from 11 November 2016 and he shall be liable to retire by rotation.

#### B. Duties:

Mr. Srikrishna Madhavan shall perform such duties and exercise such powers as may from time to time be entrusted to him, subject to the superintendence and control of the Board of Directors of the Company.

#### C. Salary & Commission:

Mr. Srikrishna Madhavan shall be paid the remuneration including the perquisites, not exceeding INR 40 Lacs per annum during the term of his tenure as Managing Director. He shall not be entitled to any commission during his tenure as Managing Director.

#### D. Reimbursement of Travel and out of pocket expenses:

Mr. Srikrishna Madhavan shall be entitled for actual reimbursement of travel and out of pocket expenses incurred for business purpose of the Company.

**RESOLVED FURTHER THAT** any of the Director of the Company, Chief Financial Officer and Company Secretary of the Company be and are hereby severally authorized to file the necessary Form with Registrar of Companies or any applicable authorities, if any, for appointment of Mr. Srikrishna Madhavan as Managing Director and Key Managerial Personnel of the Company and to attend all other matters connected therewith."

## Notice of Annual General Meeting

5. To consider and approve appointment of Ms. Rekha Murthy as Independent Director of the Company:

In this regard, it is proposed to consider and if thought fit to pass the following resolution as ordinary resolution:

**“RESOLVED THAT** pursuant to the provisions of Section 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV of the Companies Act, 2013 and Regulation 16 and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Ms. Rekha Murthy (DIN: 07825183), who in terms of Section 161 of the Companies Act, 2013 and Article 93 of the Articles of Association of the Company, holds office till the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing her candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of 5 (five) years from the date of this Annual General Meeting.”

By Order of the Board of  
**Xchanging Solutions Limited**

**Place :** Bangalore

**Date :** 27 July, 2017

**Mayank Jain**

**Company Secretary**

**Membership No:- A26620**

**Registered office:** - SJR I-Park, Plot 13, 14, 15,  
EPIP Industrial Area, Phase I, Whitefield,  
Bangalore 560066, Karnataka, India

### NOTES:

1. An explanatory statement as required pursuant to Section 102(1) of the Companies Act, 2013 is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM DULY COMPLETED AND SIGNED SHOULD REACH THE COMPANY'S REGISTERED OFFICE NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A BLANK PROXY FORM IS ENCLOSED.**

A person shall not act as a proxy for more than 50 members and holding in the aggregate not more than

ten percent of the total share capital of the Company carrying voting rights. However, a member holding more than ten percent of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person.

3. Only registered members carrying the attendance slip and the holders of valid proxies registered with the Company will be permitted to attend the Meeting. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for identification.
4. Every member entitled to vote at the Annual General Meeting of the Company can inspect the proxies lodged at the Company at any time during the business hours of the Company during the period beginning twenty-four hours before the time fixed for the commencement of the Annual General Meeting and ending on the conclusion of the meeting. However, a prior notice of not less than 3 (three) days in writing of the intentions to inspect the proxies lodged shall be required to be provided to the Company.
5. The Register of Members and Share Transfer Books of the Company will remain closed from 7 September 2017 to 13 September 2017 (both days inclusive) for the purpose of Annual General Meeting.
6. Members/ Proxy(ies) are requested to bring their copy of the Annual Report with them at the Annual General Meeting. Corporate members/ Societies etc. intending to send their authorized representative(s) are requested to send a duly certified copy of the Board Resolution/authority, as applicable, authorizing their representative(s) to attend and vote at the Annual General Meeting.
7. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
8. All documents, including those required to be kept for inspection, referred to in the accompanying Notice, are open for inspection at the Registered Office of the Company on all working days, except Saturdays, Sundays and Public holidays, between 11:30 A.M. to 01:30 P.M. upto the date of the Annual General Meeting.
9. The written consent from M/s Deloitte Haskins & Sells LLP, Chartered Accountants, (Firm Registration No. 117366WW-1000180) to act as Statutory Auditor along with the certificate in compliance of the provisions of the Companies Act, 2013 has been received.

## Notice of Annual General Meeting

10. Members desirous of getting any information with regard to Accounts/Reports or Operations of the Company are requested to submit their queries addressed to the Chief Financial Officer/ Company Secretary of the Company at least ten days in advance of the Annual General Meeting so that the information called for can be made available at the Meeting.
11. Members holding shares in physical mode are requested to quote their Ledger Folio No. in all their correspondence and intimate the following directly to the Company's Registrar and Share Transfer Agent i.e. Karvy Computershare Private Limited
  - i) Changes, if any, in their address with PIN Code numbers.
  - ii) Request for making nominations as per the provisions contained in Section 72 of the Companies Act, 2013, in the prescribed Form SH-13.Members holding shares in dematerialized mode are requested to intimate the aforesaid changes directly to their Depository Participant, as applicable.
12. In terms of the provisions of the Companies Act, 2013, a Company can serve Annual Report through electronic mode to the shareholders who have registered their e-mail address with the Company or with the Depository Participant. Accordingly, the Annual Report of the Company is being sent on the email addresses made available to the Company by the Depositories or registered by the Members with the Company or RTA of the Company, unless any member has requested for a hard copy of the same.
13. The Annual Report of the Company for the financial period ended 31 March 2017 being circulated to the members of the Company and this notice calling annual general meeting is available in the Investor Relations section on the Company's website, viz. <http://www.xchanging.com/investor-relations/xsl-content>. The notice of the meeting is also available at the website of Karvy at [evoting@karvy.com](mailto:evoting@karvy.com).
14. Members who have not registered their e-mail addresses so far are requested to register their e-mail addresses for receiving all communications including Annual Report, Notices etc. from the Company in electronic mode.
15. Electronic copy of the Notice of the 16<sup>th</sup> Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 16<sup>th</sup> Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
16. In compliance with the provisions of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and Section 108 of the Companies Act, 2013 read with Companies (Management and Administration) Amendments Rules, 2015, the Company is pleased to provide the facility of voting through electronic means to its members. Members of the Company can transact all the items of the businesses with the facility of voting through electronic means as contained in the notice of the meeting.
17. The remote e-voting i.e. the facility of casting votes by a member using an electronic voting system from a place other than venue of a general meeting, shall commence at 09:00 AM on 10 September 2017 and will end at 05:00 PM on 12 September 2017. The facility for remote e-voting shall forthwith be blocked at the end of the period of remote e-voting.
18. The cut-off date i.e. date not earlier than seven days before the date of general meeting for determining the eligibility to vote by electronic means or in the general meeting shall be 6 September 2017.
19. A member whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e voting as well as voting in the general meeting.
20. The facility for voting through ballot paper shall be made available at the meeting and members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting.
21. The members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.
22. The Company has appointed M/s Ankush Agarwal & Associates, Company Secretary in Practice, who in the opinion of the Company is a duly qualified person, as a Scrutinizer who will collate the electronic voting process in a fair and transparent manner. The Scrutinizer shall, immediately after the conclusion of voting at the general meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least

## Notice of Annual General Meeting

two witnesses not in the employment of the Company and make, not later than three days of conclusion of the meeting, a consolidated scrutinizer's report of the votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and shall declare the result of the voting forthwith.

23. The results on the resolutions shall be declared within 3 days of the conclusion of the AGM and the resolutions will be deemed to be passed on the AGM date subject to receipt of the requisite number of votes in favour of the Resolutions.
24. The Results of voting along with the Scrutinizer's Report(s) thereon would be available on the website of the Company <http://www.xchanging.com/investor-relations/xsl-content> and Service provider's website [evoting@karvy.com](mailto:evoting@karvy.com) immediately after the declaration of the results and would also be communicated simultaneously to the BSE Limited and the National Stock Exchange of India Limited.
25. Member may please note that no gifts/gift coupons shall be distributed at the venue of the Annual General Meeting.
26. The complete details of the instructions for e-voting are annexed to this Notice.

### INSTRUCTION FOR E-VOTING

- I) **Remote e-voting:** In compliance with the provisions of Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and the provisions of Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by Karvy Computershare Private Limited (Karvy) on all resolutions set forth in this Notice, from a place other than the venue of the Meeting (Remote e-voting).
- (A) In case a Member receives an email from Karvy [for Members whose email IDs are registered with the Company/Depository Participants (s)]:
  - i. Launch internet browser by typing the URL: <https://evoting.karvy.com>.
  - ii. Enter the login credentials (i.e. User ID and password). In case of physical folio, User ID will be EVEN (E-Voting Event Number) xxxx followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.
- iii. After entering these details appropriately, click on "LOGIN".
- iv. You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@, #, \$, etc.,). The system will prompt you to change your password and update your contact details like mobile number, email ID etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
- v. You need to login again with the new credentials.
- vi. On successful login, the system will prompt you to select the "EVENT" i.e., 'Name of the Company' (Xchanging Solutions Limited).
- vii. On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off Date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially "AGAINST" but the total number in "FOR/AGAINST" taken together shall not exceed your total shareholding as mentioned herein above. You may also choose the option ABSTAIN. If the Member does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
- viii. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat accounts.
- ix. Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.
- x. You may then cast your vote by selecting an appropriate option and click on "Submit".
- xi. A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you have voted on the resolution (s), you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).



## Notice of Annual General Meeting

- xii. Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter etc., together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at email [cs.ankushagarwal@gmail.com](mailto:cs.ankushagarwal@gmail.com) with a copy marked to [evoting@karvy.com](mailto:evoting@karvy.com). The scanned image of the above mentioned documents should be in the naming format “**Corporate Name\_Event No.**”

(B) In case of Members receiving physical copy of Notice [for Members whose email IDs are not registered with the Company/Depository Participants (s)]:

- i. E-Voting Event Number–XXXX (EVEN), User ID and Password is provided in the Attendance Slip.
- ii. Please follow all steps from Sl. No. (i) to (xii) above to cast your vote by electronic means.

**II. Voting at AGM:** The Members, who have not cast their vote through Remote e-voting can exercise their voting rights at the AGM. The Company will make necessary arrangements in this regard at the AGM Venue. Members who have already cast their votes by Remote e-voting are eligible to attend the Meeting; however those Members are not entitled to cast their vote again in the Meeting.

A Member can opt for only single mode of voting i.e. through Remote e-voting or voting at the AGM. If a Member casts votes by both modes then voting done through Remote e-voting shall prevail and vote at the AGM shall be treated as invalid.

### OTHER INSTRUCTIONS

- a. In case of any query and/or grievance, in respect of voting by electronic means, Members may refer to the Help & Frequently Asked Questions (FAQs) and E-voting user manual available at the download section of <https://evoting.karvy.com> (Karvy Website) or contact Mr. Anandan K, Manager, (Unit: Xchanging Solutions Limited) of Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 or at [evoting@karvy.com](mailto:evoting@karvy.com) or phone no. 040 – 6716 1500 or call Karvy's toll free No. 1-800-34-54-001 for any further clarifications.
- b. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- c. The remote e-voting period commences on 10 September 2017 (9:00 A.M. IST) and ends on 12 September 2017 (5:00 P.M. IST). During this period,

Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 6 September 2017, may cast their votes electronically. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only. The remote e-voting module shall be disabled for voting thereafter. Once the vote on a resolution(s) is cast by the Member, the Member shall not be allowed to change it subsequently.

- d. The voting rights of Members shall be in proportion to their share of the paid up equity share capital of the Company as on the cut-off date i.e. 6 September 2017.
- e. In case a person has become a Member of the Company after dispatch of AGM Notice but on or before the cut-off date for E-voting i.e., 6 September 2017, he/she may obtain the User ID and Password in the manner as mentioned below :
  - i. If the mobile number of the member is registered against Folio No./ DP ID Client ID, the member may send SMS: **MYEPWD** <space> E-Voting Event Number+Folio No. or DP ID Client ID to 9212993399  
Example for NSDL:  
MYEPWD <SPACE> IN12345612345678  
Example for CDSL:  
MYEPWD <SPACE> 1402345612345678  
Example for Physical:  
MYEPWD <SPACE> XXXX1234567890
  - ii. If e-mail address or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of <https://evoting.karvy.com>, the member may click “Forgot Password” and enter Folio No. or DP ID Client ID and PAN to generate a password.
  - iii. Member may call Karvy's toll free number 1800-3454-001.
  - iv. Member may send an e-mail request to [evoting@karvy.com](mailto:evoting@karvy.com). However, Karvy shall endeavour to send User ID and Password to those new Members whose mail ids are available.

By Order of the Board of  
**Xchanging Solutions Limited**

**Place :** Bangalore  
**Date :** 27 July, 2017

**Mayank Jain**  
**Company Secretary**  
**Membership No:- A26620**

**Registered office:** - SJR I-Park, Plot 13, 14, 15,  
EPIP Industrial Area, Phase I, Whitefield,  
Bangalore 560066, Karnataka, India

# EXPLANATORY STATEMENT

## EXPLANATORY STATEMENT

### Pursuant to Section 102(1) of the Companies Act, 2013

#### Item No. 4

The Board of Directors in its meeting held on 10 November 2016 appointed Mr. Srikrishna Madhavan as Additional Director under Section 161 of the Companies Act, 2013 to hold office up to the date of this AGM as per Article 93 of the Articles of Association of the Company. The Board has further appointed Mr. Srikrishna Madhavan as Managing Director and Chief Executive Officer of the Company for a period of 3 years with effect from 10 November 2016 and his appointment is subject to the approval of the shareholders. The terms of appointment may also be treated as an abstract of the terms of the Agreement between the Company and Mr. Srikrishna Madhavan as per Section 190 of Companies Act, 2013.

Mr. Srikrishna Madhavan is not disqualified from being appointed as a director in terms of Section 164 of the Act and has given his consent to act as Director.

Schedule V of the Companies Act, 2013 provides that where in any financial year during the currency of tenure of the Executive Director, a company has no profits or its profits are inadequate, it may pay remuneration up to the limit prescribed therein, which is based on the effective capital of the Company, provided the minimum remuneration payable to such Directors is approved by the members by way of a special resolution. The special resolution so passed shall be valid for a period of three years.

Although the Company has shown growth and profit from operations in the current financial years, it is proposed to approve the above in order to enable the Company to pay the remuneration to its Directors in the eventuality of loss/ inadequacy of profits.

The payment of minimum remuneration to Mr. Srikrishna Madhavan as stated above is subject to the approval of the members.

The information as required under Schedule V Section II to be provided in the explanatory statement of the notice of AGM is given below:

I. GENERAL INFORMATION		
1	Nature of Industry	Information Technology Services
2	Date or expected date of commencement of commercial production	Not Applicable (The Company is an existing Company)
3	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	Not Applicable
4	Financial performance based on given indicators	Particulars Period 1-1-2016 to 31-03-2017 Total Revenue: INR 10,976 Lakhs Loss after tax: INR 667 Lakhs
5	Export performance and net foreign exchange collaborations	The Company has foreign exchange earnings of INR8,813 Lakhs during the financial period ending 31March 2017
6	Foreign investments or collaborators, if any.	The Company has investments in the following overseas direct subsidiaries: 1. Xchanging Solutions (USA) Inc., USA 2. Xchanging Solutions (Europe) Limited, UK 3. Xchanging Solutions (Singapore) Pte. Ltd. Singapore

## Explanatory Statement

<b>II. INFORMATION ABOUT THE APPOINTEE DIRECTOR:</b>		
1	Background Details:	The background details of Mr. Srikrishna Madhavan are given elsewhere in the notice.
2	Past remuneration	Nil
3	Recognition or awards	-
4	Job profile and his suitability	He is Chief Executive Officer of the Company and considering his rich experience and he is suitable for the job.
5	Remuneration proposed	As per details given in resolution Item No. 4
6	Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)	The remuneration payable to the appointees has been benchmarked with the remuneration being drawn by similar positions in IT industry and has been considered by the Nomination & Remuneration Committee of the Company in its meeting held on 10 November 2016.
7	Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.	He is a director of a Promoter Company (Xchanging Technology Services India Private Limited). He has been appointed as director on 9 January 2017 in Xchanging Technology Services India Private Limited.
<b>III. OTHER INFORMATION</b>		
1	Reasons of loss or inadequate profits	Reduction in revenue is primarily due to the following : 1. Non-renewal of some of the customers contract 2. General IT industry slowdown of the country at large
2	Steps taken or proposed to be taken for improvement	The Company will remain committed to generating superior returns for its stakeholders. Company would approach to new customer.
3	Expected increase in productivity and profits in measurable terms	Continuous efforts to expand marketing and economy in operations.
<b>IV. Disclosures</b>		
The requisite disclosures have been made in the Board of Directors Report under the heading "Corporate Governance" as attached to the financial statement.		

Notice is received in writing under Section 160 of the Companies Act, 2013 along with the deposit of INR 1,00,000/- has been received by the Company from a member signifying his intention to propose the appointment of Mr. Srikrishna Madhavan as Director of the Company. The Resolutions under item No. 4 are recommended for the approval by the shareholders as Special Resolution respectively.

No Director (other than Mr. Srikrishna Madhavan himself), and key managerial personnel and their relatives, is in any way concerned or interested in this resolution

### Item No. 5

The Board of Directors appointed Ms. Rekha Murthy as Additional Director (Independent Director) w.e.f May 29, 2017 by way of resolution by circulation in compliance with the requirement of Securities and Exchange Board of India (Listing Obligations and Disclosure

Requirements) Regulations, 2015 ("Listing Regulations") and under Section 161 of the Companies Act, 2013 to hold office up to the date of this AGM as per Article 93 of the Articles of Association of the Company. Pursuant to the provisions of Section 149 of the Companies Act, 2013 ('the Act'), an Independent Director shall hold office for a term up to 5 (five) consecutive years on the Board of a Company and shall not be liable to retire by rotation.

Ms. Rekha Murthy has given her consent for appointment as a Director of the Company and has confirmed that she is not disqualified from being appointed as a Director under Section 164 of the Act. The Company has also received a declaration to the effect that she meets the criteria of independence as provided under Section 149(6) of the Companies Act, 2013 and Regulation 16 and other applicable regulations of the Listing Regulations.

The Nomination and Remuneration Committee of the Company has recommended the appointment of Ms.



## Explanatory Statement

Rekha Murthy as Independent Director of the Company whose period of office will not be liable to determination by retirement of directors by rotation.

Notice is received in writing under Section 160 of the Companies Act, 2013 along with the deposit of INR 1,00,000/- has been received by the Company from a member signifying his intention to propose the appointment of Ms. Rekha Murthy as Director of the Company.

Accordingly, it is now proposed to appoint Ms. Rekha Murthy as Independent Director under Section 149 of the Act and Regulation 16 and other applicable Regulations of the Listing Regulations for a term of 5 (five) years from the date of this Annual General Meeting. Further, appointment of Ms. Rekha Murthy also complies with the provisions of Section 149 of the Companies Act, 2013 and Regulation 16 and other applicable Regulations of the Listing Regulations with respect to appointment of woman director & Independent Director.

Copy of the draft letter of appointment of Ms. Rekha Murthy as Independent Director of the Company setting out the terms and conditions of her appointment would be available for inspection without any fee by the members at the Registered Office of the Company on all working days, except Saturdays, Sundays and public holidays, during normal business hours. It will be in the best interest of the Company if she is appointed as Independent Director of the Company.

The Resolutions under item No.5 are recommended for the approval by the shareholders as Ordinary Resolution.

No Director (other than Ms. Rekha Murthy herself), and key managerial personnel and their relatives, is in any way concerned or interested in this resolution.

Additional Information pursuant to Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

Name of the Director	Srikrishna Madhavan	Rekha Murthy
DIN	02795373	07825183
Date of Birth	24 November 1971	25 October 1966
Date of appointment	11 November 2016	29 May 2017
Qualification	Srikrishna Madhavan holds a Masters in Management from JBIMS, Mumbai & B. Com. from NM College, Mumbai	Ms. Murthy is an alumna of Harvard Business School and Indian Institute of Management in Bangalore and holds a Bachelor's degree in Engineering, Electronics and Telecommunications from Bangalore University.
Relation with Promoters/ Directors	He is a director of a Promoter Company (Xchanging Technology Services India Private Limited). He has been appointed as director on 9 <sup>th</sup> January 2017 in Xchanging Technology Services India Private Limited.	None
Expertise in Functional area	<ul style="list-style-type: none"> <li>Srikrishna Madhavan has 22 years of experience across all aspects of finance and business unit management including strategy, sales, marketing and operations</li> <li>Srikrishna has joined Xchanging (previously known as "Cambridge") in 2006. Prior to taking responsibility for the business in January 2014, Srikrishna headed Finance (including facilities and</li> </ul>	She is also engaged with a number of start-ups as a mentor and in an advisory role. Ms. Murthy is an accomplished executive with over 27 years of extensive experience in Technology and Telecom across India, APAC and the USA. Her professional experience spans a successful career in cross-functional operations, P&L oversight, sales, business development, strategic marketing and distribution in well-established organizations and start-

## Explanatory Statement

	<p>procurement) for various business units / geographies at Xchanging over the years.</p> <ul style="list-style-type: none"> <li>• Before joining Xchanging, Srikrishna was CFO of vMoksha Technologies, a group of companies engaged in product engineering services, technology services and graphical animation services for global customers</li> <li>• His past experience includes a stint at IBM, where he was responsible for pricing and contract negotiations for Strategic Outsourcing, and financial management of export services of IBM Global Services India; and UBICS where he was responsible for sales and marketing of technology services across Europe and Africa</li> </ul>	<p>ups alike. She has held senior and country leadership roles at leading global companies such as Harvard Business School Publishing, SAP, PeopleSoft, Digital Equipment Corporation and Wyse Technology. Prior to Pedersen &amp; Partners, she was a Senior Partner responsible for the Global Technology Markets at Korn Ferry International.</p>
Directorships in other Public Companies (other than Xchanging Solutions Ltd.)	Nil	Nil
Chairman/Member (Other than Xchanging Solutions Ltd.) of:	Chairman                  Member	Chairman                  Member
Audit Committee	Nil                                  Nil	Nil                                  Nil
Shareholders' Grievances Committee	Nil                                  Nil	Nil                                  Nil
Membership / Chairmanship in Committees of Xchanging Solutions Limited	<ol style="list-style-type: none"> <li>1. Stakeholders Relationship Committee- Member</li> <li>2. Corporate Social Responsibility Committee-Member</li> </ol>	<ol style="list-style-type: none"> <li>1. Audit Committee - Member</li> <li>2. Stakeholders Relationship Committee- Member</li> <li>3. Corporate Social Responsibility Committee- Member</li> <li>4. Nomination &amp; Remuneration Committee- Member</li> <li>5. Committee of Independent Directors- Member</li> </ol>
Number of shares held in Xchanging Solutions Limited	Nil	Nil
Percentage of shareholding	NA	NA

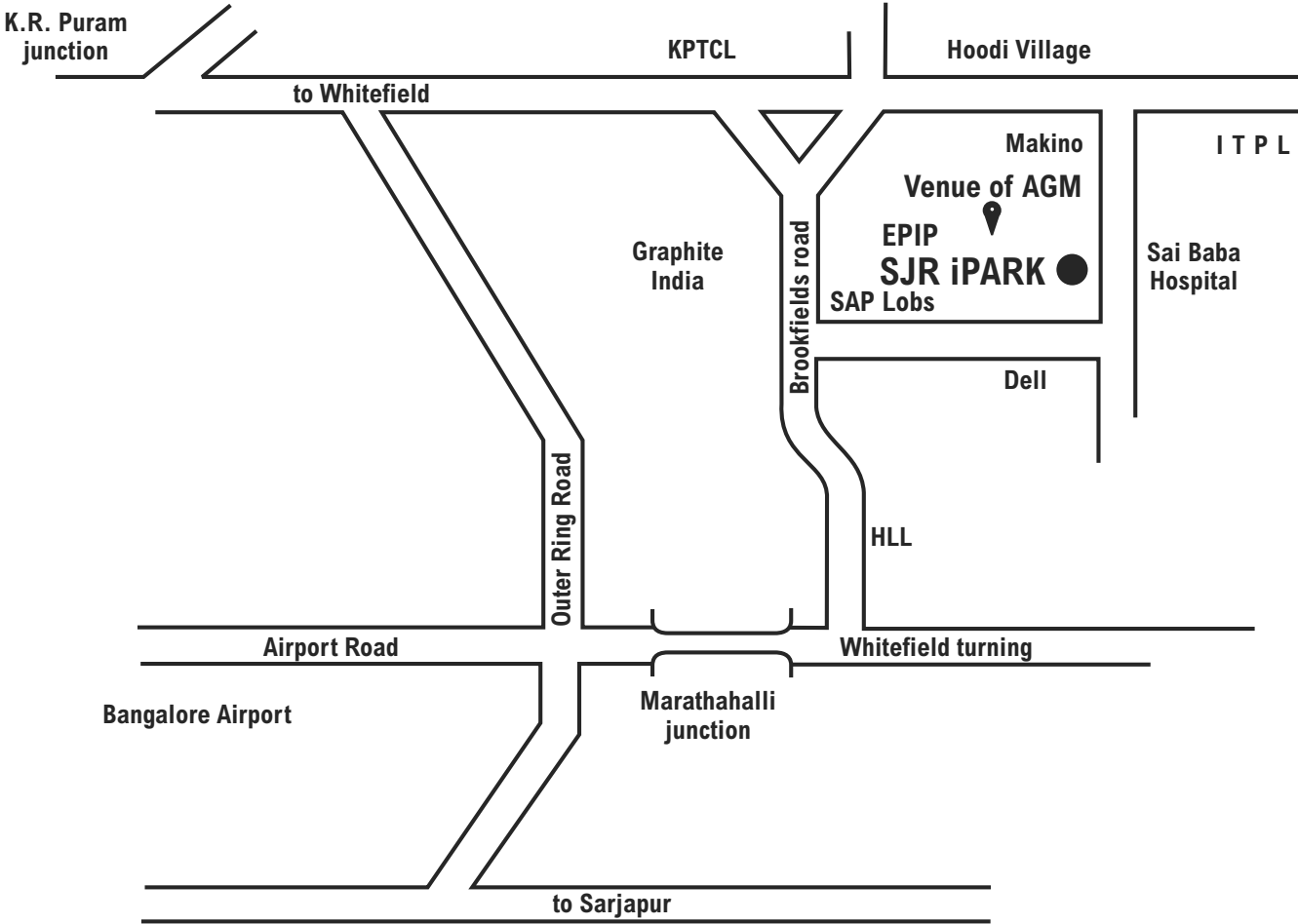
By Order of the Board of  
For **Xchanging Solutions Limited**

**Mayank Jain**  
**Company Secretary**  
Membership No:-A26620

Place : Bangalore  
Date : 27 July, 2017

**Registered office:** -SJR I-Park, Plot 13, 14, 15,  
EPIP Industrial Area, Phase I, Whitefield,  
Bangalore 560066, Karnataka, India

# Route Map of Venue



# XCHANGING SOLUTIONS LIMITED

CIN:L72200KA2002PLC030072

Regd. Office: SJR I-Park, Plot 13, 14, 15,

EPIP Industrial Area, Phase I, Whitefield, Bangalore-560 066.

Tel.: +91 80 3054 0000; Fax: +91 80 4115 7394

Email: [compliance@asia.xchanging.com](mailto:compliance@asia.xchanging.com), Website: [www.xchanging.com](http://www.xchanging.com)

## Proxy Form

(Pursuant to Section 105(6) of the Companies Act 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014

Name of the Member(s) :	:
Registered Address :	:
Email Id :	:
Folio No. / Client ID :	:
DP ID No. :	:

I/We, being the member(s) of ..... shares of the above named Company, hereby appoint:

- (1) Name: .....  
Address: .....  
E-mail Id: ..... Signature: ....., or failing him;
- (2) Name: .....  
Address: .....  
E-mail Id: ..... Signature: ....., or failing him;
- (3) Name: .....  
Address: .....  
E-mail Id: ..... Signature: ....., or failing him;

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 16<sup>th</sup> Annual General Meeting of the Company, to be held on Wednesday, the September 13, 2017 at 10:00 am at SJR I-Park, Plot 13, 14, 15, EPIP Industrial Area, Phase I, Whitefield, Bangalore-560066 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolutions	No. of Shares held	For	Against
1. To receive, consider and adopt audited Financial Statements (Standalone and Consolidated) of the Company for the financial period ended March 31, 2017 (from 1 <sup>st</sup> January 2016 to 31 <sup>st</sup> March 2017) and the Reports of the Board of Directors and Auditors thereon.			
2. To appoint a Director in place of Mr. Srinivasa Raghavan Venkatavaradhan (DIN: 01803376) who retires by rotation and being eligible, offers himself for re-appointment.			
3. To appoint M/s Deloitte Haskins & Sells LLP, Chartered Accountants, (Firm Registration No. 117366WW-1000180) as Statutory Auditors of the Company, who shall hold office from the conclusion of this Annual General Meeting till the conclusion of the 20th annual general meeting, subject to ratification in every annual general meeting till 20th annual general meeting on such remuneration as may be mutually agreed upon between the Board of Directors and the Statutory Auditors.			
4. To appoint Mr.Srikrishna Madhavan as Managing Director of the Company			
5. To appoint Ms. Rekha Murthy as Independent Director of the Company			

Signed this ..... day of ..... 2017

**Affix  
Rs. 1/-  
Revenue  
Stamp**

Signature of Shareholder ..... Signature of Proxy holder(s) .....

**Note:** The Proxy Form in order to be effective should be duly completed, signed and deposited at the Registered Office of the Company, not later than 48 hours before the commencement of the Meeting.

