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XSL/SE/2016

February 26, 2016

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
Bombay Stock Exchange Limited,
Floor 25, Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400 001
Fax No. 022 - 22723121
Scrip Code: 532616

Sub: Outcome of the Board Meeting held on 26th February, 2016

Ref: Regulation 30 & other applicable Regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir/Madam

This is to inform you that the Board of Directors of the Company at their meeting held today, February 26, 2016, has *inter-alia*, considered and approved the following:

1. Audited financial results of the Company for the year ended 31st December, 2015.

We are enclosing herewith copy of the audited financial results of the Company, along with Auditors' Report & Form-A, for the year ended 31st December, 2015 as per the format prescribed in Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

2. In suppression of the Resolution passed by the Board of Directors of the Company in its Meeting held on February 27, 2015 with respect to reduction of share capital by return of Rs. 5/- per share to the Shareholders of the Company, the Board has decided not to proceed with the process for reduction of Share Capital.
3. The Board has appointed Mr. Mayank Jain as Company Secretary & Compliance Officer of the Company.
4. The meeting of the Board commenced at 4:00 PM (IST) and concluded at 9:45 PM (IST)

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

Thanking You,

Yours Sincerely,
For Xchanging Solutions Limited



Vinod Goel
(Chief Financial Officer)



Encl: as above

Xchanging Solutions Limited
Xchanging Tower, SJR I Park, Opp. Satya Sai Hospital, 13,14,15, EPIP Park, Whitefield, Bangalore-560066
CIN: L72200KA2002PLC030072
Tel.: +91 80 3054 0000; Fax: +91 80 4115 7394
Email: info@xchanging.com Website: www.xchanging.com

(Rs in lakhs)						
PART I						
Statement of Standalone Audited Results for the Year Ended 31/12/2015						
Sl. No.	Particulars	Quarter ended 31/12/2015	Preceding quarter ended 30/09/2015	Corresponding quarter ended 31/12/2014 in the previous year	Year ended 31/12/2015	Year ended 31/12/2014
(Refer Notes Below)		(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	(Audited)
1.	Income from operations					
	Net sales/ income from operations	2,996	3,288	3,563	12,090	14,958
	Total income from operations (net)	2,996	3,288	3,563	12,090	14,958
2.	Expenses					
	a) Employee benefits expenses	1,553	1,535	1,776	6,450	7,365
	b) Project work expenses	313	324	506	1,210	2,422
	c) Exchange loss / (gain)	(15)	(121)	7	(136)	143
	d) Depreciation and amortisation expense	93	83	146	389	450
	e) Provision for doubtful advances	51	28	488	144	580
	f) Other expenses	703	731	1,083	2,772	3,496
	Total Expenses	2,698	2,580	4,006	10,829	14,456
3.	Profit / (Loss) from operations before other income, finance costs and exceptional items (1-2)	298	708	(443)	1,261	502
4.	Other income	303	248	781	1,067	1,414
5.	Profit / (Loss) from ordinary activities before finance costs and exceptional items (3+4)	601	956	338	2,328	1,916
6.	Finance costs	4	5	5	19	20
7.	Profit / (Loss) from ordinary activities after finance costs but before exceptional items (5-6)	597	951	333	2,309	1,896
8.	Exceptional items (Gain) / Loss	-	-	688	-	515
9.	Profit / (Loss) from ordinary activities before tax (7-8)	597	951	(355)	2,309	1,381
10.	Tax expense / (credit)	266	323	5	945	659
11.	Net Profit / (Loss) for the period (9-10)	331	628	(360)	1,364	722
12.	Paid up equity share capital (Face value per share Rs 10/-)	11,140	11,140	11,140	11,140	11,140
13.	Reserves excluding Revaluation Reserve as per balance sheet of previous accounting year (includes debit balance of profit & loss a/c, if any)	-	-	-	7,711	6,347
14.	Earning / (Loss) per share (of Rs 10/- each) (not annualised)					
	(a) Basic	0.30	0.56	(0.32)	1.22	0.65
	(b) Diluted	0.30	0.56	(0.32)	1.22	0.65

Xchanging Solutions Limited		(Rs in lakhs)	
Standalone Statement of Assets and Liabilities		As at	As at
Particulars		31/12/2015	31/12/2014
EQUITY AND LIABILITIES			
Shareholders' funds			
	(a) Share capital	11,140	11,140
	(b) Reserves and surplus	7,711	6,347
	Sub-total - Shareholders' funds	18,851	17,487
Non-current liabilities			
	(a) Long-term borrowings	91	158
	(b) Other long-term liabilities	35	32
	(c) Long-term provisions	342	302
	Sub-total - Non-current liabilities	468	492
Current liabilities			
	(a) Trade payables	1,173	1,939
	(b) Other current liabilities	661	2,558
	(c) Short-term provisions	2,943	2,703
	Sub-total - Current liabilities	4,777	7,200
	TOTAL - EQUITY AND LIABILITIES	24,096	25,179
ASSETS			
Non-current assets			
	(a) Fixed assets	479	724
	(b) Non-current investments	5,186	5,186
	(c) Deferred tax assets	703	997
	(d) Long-term loans and advances	4,100	3,924
	(e) Other non-current assets	110	134
	Sub-total - Non-current assets	10,578	10,965
Current assets			
	(a) Trade receivables	3,538	5,084
	(b) Cash and bank balances	8,357	5,940
	(c) Short-term loans and advances	264	871
	(d) Other current assets	1,359	2,311
	Sub-total - Current assets	13,518	14,214
	TOTAL - ASSETS	24,096	25,179



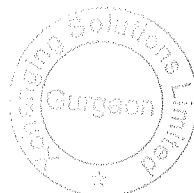
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PART I (Rs in lakhs)

Statement of Consolidated Audited Results for the Year Ended 31/12/2015

Sl. No.	Particulars	Quarter ended	Preceding	Corresponding	Year ended	Year ended
		31/12/2015	quarter ended	quarter ended	31/12/2015	31/12/2014
(Refer Notes Below)		(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	(Audited)
1.	Income from operations					
	Net sales/ Income from operations	7,565	7,490	7,148	27,948	28,695
	Total Income from operations (net)	7,565	7,490	7,148	27,948	28,695
2.	Expenses					
	a) Employee benefits expenses	4,018	4,159	4,029	17,101	16,942
	b) Project work expenses	1,215	477	1,635	2,678	4,461
	c) Exchange loss / (gain)	3	(148)	15	(183)	50
	d) Depreciation and amortisation expense	102	90	150	420	477
	l) Other expenses	1,393	1,423	2,797	5,388	7,207
	Total Expenses	6,731	6,001	8,626	25,404	29,137
3.	Profit / (Loss) from operations before other income, finance costs and exceptional items (1-2)	834	1,489	(1,478)	2,544	(442)
4.	Other income	462	259	1,693	1,338	2,367
5.	Profit / (Loss) from ordinary activities before finance costs and exceptional items (3+4)	1,296	1,748	215	3,882	1,925
6.	Finance costs	4	5	5	19	20
7.	Profit / (Loss) from ordinary activities after finance costs but before exceptional items (5-6)	1,292	1,743	210	3,863	1,905
8.	Exceptional items (Profit) / Loss	-	-	(1,095)	-	(1,268)
9.	Profit / (Loss) from ordinary activities before tax (7-8)	1,292	1,743	1,305	3,863	3,173
10.	Tax expense / (credit)	274	335	(33)	943	662
11.	Net Profit / (Loss) for the period (9-10)	1,018	1,408	1,338	2,920	2,511
12.	Paid up equity share capital (Face value per share Rs 10/-)	11,140	11,140	11,140	11,140	11,140
13.	Reserves excluding Revaluation Reserve as per balance sheet of previous accounting year (includes debit balance of profit & loss a/c, if any)	-	-	-	22,157	19,286
14.	Earning / (Loss) per share (of Rs 10/- each) (not annualised)					
	(a) Basic	0.91	1.26	1.20	2.62	2.25
	(b) Diluted	0.91	1.26	1.20	2.62	2.25

Xchanging Solutions Limited		(Rs in lakhs)	
Consolidated Statement of Assets and Liabilities		As at	As at
Particulars		31/12/2015	31/12/2014
EQUITY AND LIABILITIES			
Shareholders' funds			
	(a) Share capital	11,140	11,140
	(b) Reserves and surplus	22,157	19,286
	Sub-total - Shareholders' funds	33,297	30,426
Non-current liabilities			
	(a) Long-term borrowings	91	158
	(b) Other long-term liabilities	35	32
	(c) Long-term provisions	617	567
	Sub-total - Non-current liabilities	743	757
Current liabilities			
	(a) Trade payables	2,634	3,550
	(b) Other current liabilities	1,458	3,368
	(c) Short-term provisions	3,095	2,810
	Sub-total - Current liabilities	7,187	9,728
	TOTAL - EQUITY AND LIABILITIES	41,227	40,911
ASSETS			
Non-current assets			
	(a) Fixed assets	16,358	16,609
	(b) Deferred tax assets	703	997
	(c) Long-term loans and advances	4,331	4,116
	(d) Other non-current assets	110	134
	Sub-total - Non-current assets	21,502	21,856
Current assets			
	(a) Trade receivables	4,582	6,656
	(b) Cash and bank balances	10,814	7,541
	(c) Short-term loans and advances	557	862
	(d) Other current assets	3,772	3,996
	Sub-total - Current assets	19,725	19,055
	TOTAL - ASSETS	41,227	40,911



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Notes to above results :

1. a) The above financial results of Xchanging Solutions Limited (the Company) and its subsidiaries (the Group) have been reviewed and recommended by the Audit Committee and approved by the Board of Directors on February 26, 2016.
b) The Board of Directors in their meeting held on 27th February 2015 approved to reduce the paid-up share capital of the Company from Rs. 10/- to Rs. 5/- per share. The corresponding application for the same was filed with the Stock Exchanges (BSE & NSE) on 27th March 2015 and accordingly, the Company obtained No Objection / Observation Letter to the Reduction of Capital from the BSE and NSE vide their letters dated 24th June, 2015 and 2nd July, 2015 respectively. However, due to expiry of validity period of aforesaid approvals, it is therefore, now proposed not to proceed with the capital reduction process.
2. The Company has only one primary segment viz., Information Technology (IT) services and accordingly the above results relate to this segment.
3. 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. Decision on this suit is still pending before Hon'ble Madras High Court. 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 Company has filed an appeal against the interim order, pending which no adjustment has been made in these accounts.
4. In the ordinary course of business, the Company is subject to legal proceedings, claims and litigation. Xchanging Solutions Limited and its USA subsidiary, Xchanging Solution USA Inc., ("XSUI") is currently a defendant in a claim for an unspecified amount alleging a breach of warranties in the USA. The claim in question relates to a contract that was awarded to XSUI in 2006 and was subsequently sold by XSUI in 2007 to the claimant. The litigation is a fact intensive case for which the fact discovery and proceedings are ongoing in USA. Based on the facts produced and reviewed to date and legal advice thereon, the Company believes it is not probable that the claim will be successful. Therefore, no provision is required to be made at this stage.
5. The amounts for the previous periods have been reclassified wherever necessary to conform to the current period presentation.

Place : Gurgaon, India

Date : February 26, 2016




Alok K Sinha
Executive Director &
Chief Executive Officer

Price Waterhouse Chartered Accountants LLP

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF XCHANGING SOLUTIONS LIMITED

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of Xchanging Solutions Limited ("the Company"), which comprise the Balance Sheet as at December 31, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

2. 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 to 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 specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring 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.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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 financial statements.

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Registered office and Head office: Sucheta Bhawan, 11A Vishnu Digambar Marg, New Delhi 110 002

Price Waterhouse (a Partnership Firm) converted into Price Waterhouse Chartered Accountants LLP (a Limited Liability Partnership with LLP identity no: LLPIN AAC-5001) with effect from July 25, 2014. Post its conversion to Price Waterhouse Chartered Accountants LLP, its ICAI registration number is 012754N/N500016 (ICAI registration number before conversion was 012754N)

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

Opinion

8. 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 December 31, 2015, and its profit and its cash flows for the year ended on that date.

Emphasis of Matter

9. We draw your attention to Note 33 to the financial statements, regarding redemption of certain debentures, aggregating to INR 62,500,000, by the Company in the year 2007; subsequent order of the Hon'ble of debentures and to continue to show it as due and payable consequent to a petition filed by a third party; and non-reversal of the aforesaid redemption of debentures in the books of account of the Company pending admission and disposal of the appeal filed by the Company with the Hon'ble High Court of Adjudicator at Madras on July 26, 2011. Depending on the outcome of the Company's appeal, significant adjustments may be required to be made and reflected in the subsequent period financial reporting. Our opinion is not qualified in this respect.

Report on Other Legal and Regulatory Requirements

10. As required by 'the Companies (Auditor's Report) Order, 2015', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
11. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books, except that the backup of the books of accounts and other books and papers maintained in electronic mode has not been maintained on servers physically located in India.
 - (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 specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on December 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.



- (f) With respect to the maintenance of accounts and other matters connected therewith, reference is made to our comment in Paragraph [b] above that the back up of the books of accounts and other books and papers maintained in electronic mode has not been maintained on servers physically located in India.
- (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
- i. The Company has disclosed the impact, if any, of pending litigations as at December 31, 2015 on its financial position in its standalone financial statements – Refer Note 21.
 - ii. The Company has long-term contracts including derivative contracts as at December 31, 2015 for which there were no material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended December 31, 2015.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016



Suchita Sharma
Partner
Membership Number: 073897

Place: GURGAON
Date: FEBRUARY 26, 2016

Annexure to Independent Auditors' Report

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Xchanging Solutions Limited on the standalone financial statements as of and for the year ended December 31, 2015

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
 - (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items 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 programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
- ii. The Company is in the business of rendering services, and consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said Order are not applicable to the Company.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a) and (iii)(b) of the said Order are not applicable to the Company.
- iv. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of services. The operations do not involve purchase of inventory and sale of goods. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under to the extent notified.
- vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of employees' state insurance, provident fund and professional tax, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including income tax, service tax, labour welfare fund, duty of customs, cess and other material statutory dues, as applicable, with the appropriate authorities.



Annexure to Independent Auditors' Report

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Xchanging Solutions Limited on the standalone financial statements for the year ended December 31, 2015

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- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of service tax, duty of customs or cess as at December 31, 2015 which have not been deposited on account of a dispute. The particulars of dues of income tax as at December 31, 2015 which have not been deposited on account of dispute, are as follows:

Name of the statute	Nature of dues	Amount(Rs.)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	5,820,828 (*)	Assessment Year 2004-2005	The Commissioner of Income Tax (Appeals), Bangalore
		119,316,051 (**)	Assessment Year 2005-2006	The Commissioner of Income Tax (Appeals), Bangalore
		13,741,157 (***)	Assessment Year 2006-2007	Income Tax Appellate Tribunal
		32,928,105 (****)	Assessment Year 2009-2010	Income Tax Appellate Tribunal
		1,153,320	Assessment Year 2010-2011	Income Tax Appellate Tribunal

(*) Rs. 4,157,527 has been deposited "under protest" by the Company

(**) Rs. 97,519,289 has been deposited "under protest" by the Company

(***) Rs. 11,319,884 has been deposited "under protest" by the Company

(****) Rs. 17,000,000 has been deposited "under protest" by the Company

- c) There are no amounts required to be transferred by the Company to the Investor Education and Protection Fund in accordance with the provisions of the Companies Act, 1956 and the rules made thereunder.
- viii. The accumulated losses of the Company did not exceed fifty percent of its net worth as at December 31, 2015 and it has not incurred cash losses in the financial year ended on that date and or in the immediately preceding financial year.
- ix. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank at the balance sheet date. The Company has not issued any debentures during the year.
- x. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of Clause 3(x) of the Order are not applicable to the Company.
- xi. In our opinion, and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.



Annexure to Independent Auditors' Report

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Xchanging Solutions Limited on the standalone financial statements for the year ended December 31, 2015

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- xii. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016



Suchita Sharma
Partner
Membership Number: 073897

Place: GURGAON
Date: FEBRUARY 26, 2016

Price Waterhouse Chartered Accountants LLP

INDEPENDENT AUDITORS' REPORT

To the Members of Xchanging Solutions Limited

Report on the Consolidated Financial Statements

1. 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"), (refer Note 2.1B to the attached consolidated financial statements), comprising of the consolidated Balance Sheet as at December 31, 2015, the consolidated Statement of Profit and Loss, the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as "the Consolidated Financial Statements").

Management's Responsibility for the Consolidated Financial Statements

2. 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 accounting principles generally accepted in India including the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of Consolidated Financial Statements. 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 judgements 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 has been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.
4. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements 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.



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INDEPENDENT AUDITORS' REPORT

To the Members of Xchanging Solutions Limited
Report on the Consolidated Financial Statements
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5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, 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, but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. 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.
6. We believe that the audit evidence obtained by us, other than the unaudited financial information as certified by the management and referred to in sub-paragraph 9 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

7. 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 December 31, 2015, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Emphasis of Matter

8. We draw your attention to Note 30 to the financial statements, regarding redemption of certain debentures, aggregating to INR 62,500,000, by the Company in the year 2007; subsequent order of the Hon'ble of debentures and to continue to show it as due and payable consequent to a petition filed by a third party; and non-reversal of the aforesaid redemption of debentures in the books of account of the Company pending admission and disposal of the appeal filed by the Company with the Hon'ble High Court of Adjudicator at Madras on July 26, 2011. Depending on the outcome of the Company's appeal, significant adjustments may be required to be made and reflected in the subsequent period financial reporting. Our opinion is not qualified in this respect.

Other Matter

9. 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 41,647,830 and net assets of Rs 34,107,200 as at December 31, 2015, total revenue of Rs. Nil, net loss of Rs 45,388,343 and net cash outflows amounting to Rs 18,745,576 for the year 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 insofar as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) and (11) of Section 143 of the Act insofar as it relates to the aforesaid 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 matters with respect to our reliance on the work done and the financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditors' reports of the Holding company and representation received from the management for subsidiary company incorporated in India (Refer paragraph 9 above and Note 2.1B to the consolidated financial statements), we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
11. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - (b) In our opinion, proper books of account as required by law maintained by the Holding Company and its subsidiary included in the Group incorporated in India including relevant records relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and records of the Holding Company and representation received from the management for entity un-audited (refer paragraph 9 above).
 - (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 by the Holding Company and its subsidiary included in the Group incorporated in India including relevant records relating to the preparation of the consolidated financial statements (refer paragraph 9 above).
 - (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors of the Holding Company as on December 31, 2015 taken on record by the Board of Directors of the Holding Company and representation received from the management for entities un-audited, for all entities incorporated in India (refer paragraph 9 above), none of the directors of the Group companies incorporated in India are disqualified as on December 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.



(f) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The consolidated financial statements disclose the impact, if any, of pending litigations as at December 31, 2015 on the consolidated financial position of the Group - Refer Note 20 to the consolidated financial statements.
- ii. The Group had long-term contracts including derivative contracts as at December 31, 2015 for which there were no material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary company incorporated in India during the year ended December 31, 2015, based on the records of the Holding Company and representation received from the management for entity un-audited (refer paragraphs 9 above).

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016



Suchita Sharma
Partner
Membership Number: 073897

Place: GURGAON
Date: FEBRUARY 26, 2016

Annexure to Independent Auditors' Report

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Xchanging Solutions Limited on the consolidated financial statements as of and for the year ended December 31, 2015

- i. (a) The Holding Company and its subsidiary incorporated in India are maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets, based on the records of the Holding Company and representations received from the management in respect of the subsidiary incorporated in India (refer paragraphs 9 of the main report).
- (b) The fixed assets of the Holding Company are physically verified by the Management according to a phased programme designed to cover all the items over a period of 2 years which, in our opinion, is reasonable having regard to the size of the aforesaid Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.

Fixed assets of subsidiary incorporated in India, have been physically verified by the management of the subsidiary during the year and no material discrepancies have been noticed on such verification as represented by the management of the subsidiary (refer paragraphs 9 of the main report). The frequency of such physical verification is reasonable based on the representation received from the management in respect of the subsidiary.

- ii. The Holding Company and its subsidiary incorporated in India are in the business of rendering services, and consequently, does not hold any inventory, based on the records of the Holding Company and representations received from the management in respect of the subsidiary (refer paragraphs 9 of the main report). Therefore, the provisions of Clause 3(ii) of the said Order are not applicable to such Holding Company and its subsidiary.
- iii. The Holding Company and its subsidiary incorporated in India have not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Act, based on the records of the Holding Company and representations received from the management in respect of the subsidiary (refer paragraphs 9 of the main report). Therefore, the provisions of Clause 3(iii), (iii)(a) and (iii)(b) of the said Order are not applicable to the aforesaid Holding Company and its subsidiaries.
- iv. In our opinion, and according to the information and explanations given to us in respect of the Holding Company and based on the representation received from the management in respect of the subsidiary incorporated in India (refer paragraphs 9 of the main report), there is an adequate internal control system commensurate with the size of the aforesaid companies and the nature of their respective businesses for the purchase of fixed assets and for the sale of services. The aforesaid companies operations do not involve purchase of inventory and sale of goods. Further, on the basis of our examination of the books and records of the aforesaid Holding Company and representations received from the management in respect of the subsidiary (refer paragraphs 9 of the main report), and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.
- v. The Holding Company and its subsidiary incorporated in India have not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under to the extent notified, based on the records of the Holding Company and representations received from the management in respect of the subsidiary (refer paragraphs 9 of the main report).



Annexure to Independent Auditors' Report

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Xchanging Solutions Limited on the consolidated financial statements for the year ended December 31, 2015

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- vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Holding Company and its subsidiary incorporated in India, based on the records of the Holding Company and representations received from the management in respect of the subsidiary (refer paragraphs 9 of the main report).
- vii. (a) In our opinion, and according to the information and explanations given to us and the records of the Holding Company examined by us, the Company is generally regular in depositing undisputed statutory dues in respect of employees' state insurance, provident fund and professional tax, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including income tax, service tax, labour welfare fund, duty of customs, cess and other material statutory dues, as applicable, with the appropriate authorities.

Based on the representation received from management in respect of subsidiary incorporated in India, the aforesaid companies are regular in depositing the undisputed statutory dues, including provident fund, professional tax, employees' state insurance, income tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities (refer paragraphs 9 of the main report).

- (b) According to the information and explanations given to us and the records of the Holding Company incorporated in India examined by us, there are no dues of service-tax, duty of custom, or cess which have not been deposited on account of any dispute. The particulars of dues of income tax as at December 31, 2015 which have not been deposited on account of a dispute, are as follows:

Name of the Company	Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where the dispute is pending
Xchanging Solutions Limited	Income Tax Act, 1961	Income tax	5,820,828 (*)	Assessment Year 2004-2005	The Commissioner of Income Tax (Appeals), Bangalore
			119,316,051 (**)	Assessment Year 2005-2006	The Commissioner of Income Tax (Appeals), Bangalore
			13,741,157 (***)	Assessment Year 2006-2007	Income Tax Appellate Tribunal
			32,928,105 (****)	Assessment Year 2009-2010	Income Tax Appellate Tribunal
			1,153,320	Assessment Year 2010-2011	Income Tax Appellate Tribunal

(*) Rs. 4,157,527 has been deposited "under protest" by the Company

(**) Rs. 97,519,289 has been deposited "under protest" by the Company

(***) Rs. 11,319,884 has been deposited "under protest" by the Company

(****) Rs. 17,000,000 has been deposited "under protest" by the Company

Based on the representation given by the management in respect of subsidiary incorporated in India, there are no dues of income-tax, sales-tax, wealth-tax, service-tax, duty of customs, duty of excise or value added tax or cess which have not been deposited on account of any dispute (refer paragraphs 9 of the main report).



Annexure to Independent Auditors' Report

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Xchanging Solutions Limited on the consolidated financial statements for the year ended December 31, 2015

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- (c) There are no amounts required to be transferred by the Holding Company and its subsidiary incorporated in India to the Investor Education and Protection Fund in accordance with the provisions of the Companies Act, 1956 and the rules made thereunder, based on the records of the Holding Company and representations received from the management in respect of the subsidiary (refer paragraphs 9 of the main report).
- viii. The accumulated losses of the Holding Company did not exceed fifty percent of its net worth as at December 31, 2015 and it has not incurred cash losses in the financial year ended on that date and in the immediately preceding financial year.

Based on the representation received by the management in respect of subsidiary incorporated in India (refer paragraphs 9 of the main report), there were no accumulated losses as at the end of the financial year and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.

- ix. According to the records of the Holding Company examined by us and the information and explanation given to us, and based on the representation received from the management in respect of subsidiary incorporated in India (refer paragraphs 9 of the main report), the companies incorporated in India have not defaulted in repayment of dues to any financial institution or bank as at the balance sheet date. These Companies have not issued any debentures during the year.
- x. In our opinion, and according to the information and explanations given to us for the Holding Company and based on the representation received by the management in respect of subsidiary incorporated in India (refer paragraphs 9 of the main report), the companies incorporated in India have not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of Clause 3(x) of the Order are not applicable to the aforesaid Holding Company and its subsidiary.
- xi. In our opinion, and according to the information and explanations given to us, the term loans obtained by the Holding Company have been applied for the purposes for which they were obtained.

Based on the representation received by the management in respect of subsidiary incorporated in India (refer paragraphs 9 of the main report), the subsidiary have not raised any term loans. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable to it.

- xii. During the course of our examination of the books and records of the Holding Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us and based on the representations received from the management in respect subsidiary incorporated in India (refer paragraphs 9 of the main report), we/management have neither come across any instance of material fraud on or the companies incorporated in India noticed or reported during the year, nor have we have been informed of any such case by the respective Managements.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

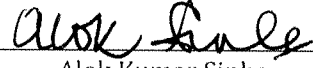
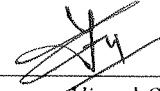
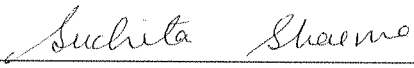



Suchita Sharma
Partner
Membership Number: 073897

Place: GURGAON
Date: FEBRUARY 26, 2016

FORM A

Pursuant to Clause 33(3) (d) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015

S. No.	Particulars	Details
1.	Name of the Company	Xchanging Solutions Limited
2.	Annual Financial Statement for the year ended	31 st December 2015
3.	Type of Audit Observation	Matter of Emphasis
4.	Frequency of observation	Appearing since annual financial statements for the year ended December 31, 2011(*) (*): Without considering the observation reported in the Limited Review Reports on the quarterly results.
5.	To be signed by <ul style="list-style-type: none"> • Executive Director & CEO • CFO • Auditor of the Company • Audit Committee Chairman 	<div style="text-align: center;">  Alok Kumar Sinha DIN:02147416 </div> <div style="text-align: center;">  Vinod Goel PAN:AADPG6761D </div> <p style="text-align: center;">For Price Waterhouse Chartered Accountants LLP Firm Registration No. 012754N/N500016</p> <div style="text-align: center;">  Suchita Sharma Partner Membership No: 073897 </div> <div style="text-align: center;">  Ashok Kumar Ramanathan Independent Director DIN: 02055559 </div>