

Xchanging Solutions Limited

ANNUAL REPORT 2019-20

Shareholder Information

XCHANGING SOLUTIONS LIMITED

Registered office: Kalyani Tech Park - Survey No 1,
6 & 24, Kundanhalli Village, K R PuramHobli,
Bangalore – 560066
Tel : +9180 43640000

Registered office till July 31, 2019 - SJR I-Park, Plot No. 13, 14, 15, EPIP Industrial Area, Phase I, Whitefield,
Bangalore – 560066

For Corporate reports and Company News, visit our website at:
<http://www.xchanging.com/investor-relations/xsl-content>

STOCK EXCHANGES

Company is Listed on the following stock exchanges (Ticker Symbol: XCHANGING)
BSE (Bombay Stock Exchange)
NSE (National Stock Exchange of India Limited)

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.

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BOARD OF DIRECTORS

| | |
|--|---|
| Henry D'Souza | - Independent Director |
| Nonavinakeri Srinivasaiyengar Rama ("Rama NS") | - Independent Director |
| Venkatesh Venkatasubba Ramanandashastry Shastry ("Venkatesh Shastry") | - Independent Director |
| Gidugu Kalpana Tataavarti ("Kalpana Tataavarti") | - Non-Executive Director |
| Chandrasekhara Rao Boddaju | - Managing Director and Chief Executive Officer |
| Shrenik Kumar Champalal | - Whole Time Director and Chief Financial Officer |

COMPANY SECRETARY & COMPLIANCE OFFICER

Aruna Mohandoss
Tel +91 804364000
E-mail: compliance@xchanging.com

STATUTORY AUDITORS

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

REGISTERED OFFICE

Kalyani Tech Park -
Survey No 1, 6 & 24,
Kundanhalli Village, K R Puram, Hobli,
Bangalore – 560066, Karnataka
Phone : +91 80 43640000
Email : compliance@xchanging.com
Website : www.xchanging.com
CIN : L72200KA2002PLC030072

REGISTRAR AND TRANSFER AGENT

KFin Technologies Private Limited,
Selenium Tower B, Plot 31 - 32
Gachibowli, Financial District,
Nanakramguda, Hyderabad – 500 032, Telangana
Phone : 040-67162222
Fax : 040-23001153
Email : einward.ris@kfintech.com
Website : www.kfintech.com

LIST OF ALL ANNEXURES

A. BOARDS' REPORT

- Annexure –I** Particulars of contract/arrangements with related parties (Form AOC-2)
- Annexure – II** Secretarial Audit Report (Form MR – 3)
- Annexure –III** Remuneration to Directors / KMP / Employees
- Annexure–IV** Certificate of Non-disqualification of Director
- Annexure –V** Annual Report on CSR activities of the Company
- Annexure -VI** Conservation of Energy, Research and Development, Technology Absorption, Foreign Exchange Earning and Outgo
- Annexure –VII** Extract of Annual Return (Form MGT – 9)

B. CORPORATE GOVERNANCE REPORT

- Annexure – A** Compliance Certificate
- Annexure – B** Certificate on Corporate Governance Report

BOARDS' REPORT

Dear Shareholders,

The Board of Directors ("Board") is pleased to present the Nineteenth Annual Report and the Audited Financial Statement of the Xchanging Solutions Limited ("Company") for the financial year ended March 31, 2020.

A. FINANCIAL RESULTS

The highlights of standalone and consolidated financial results of the Company for the financial year ended March 31, 2020 and March 31, 2019 are as under:

(INR in Lakhs)

| PARTICULARS | STANDALONE | | CONSOLIDATED | |
|--|---|---|---|---|
| | For the Financial year ended Mar 31, 2020 | For the Financial year ended Mar 31, 2019 | For the Financial year ended Mar 31, 2020 | For the Financial year ended Mar 31, 2019 |
| Total Income | 5,838 | 6,405 | 19,494 | 19,865 |
| Total Expenditure | 3,205 | 3,974 | 13,565 | 14,185 |
| Profit before Interest, Depreciation and Tax | 2,710 | 2,469 | 6,073 | 5,728 |
| Depreciation & Amortization | 77 | 37 | 144 | 47 |
| Finance Costs | 11 | 1 | 13 | 1 |
| Profit / (Loss) before Tax | 2,633 | 2,431 | 5,929 | 5,680 |
| Income Tax (including deferred tax) | 364 | 784 | 459 | 1,009 |
| Net Profit / (Loss) after Tax | 2,269 | 1,647 | 5,470 | 4,671 |
| Other Comprehensive Income/(Expenditure) | 3 | 25 | 818 | 293 |
| Total Comprehensive Income/(Expenditure) | 2,272 | 1,672 | 6,288 | 4,964 |
| Earnings/(Loss) per share Rs. | 2.04 | 1.48 | 4.91 | 4.19 |

B. REVIEW OF OPERATIONS

During the financial year ended March 31, 2020, the consolidated income of the Company was Rs.19,494/- Lakhs as against Rs. 19,865/- Lakhs during the previous year ended March 31, 2019. At a standalone level, the total income of the Company for the financial year ended March 31, 2020 amounted to Rs.5,838/- Lakhs compared to Rs. 6,405/- Lakhs during the previous year ended March 31, 2019.

C. MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis Report for the financial year ended March 31, 2020 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.

E. TRANSFER TO RESERVES

During the financial year under review, the Company has not transferred any amount to the General Reserve.

F. SUBSIDIARY COMPANIES

Your Company has 3 (three) direct subsidiaries and 2 (two) step down subsidiaries for the financial year ended March 31, 2020.

During the period under review, the Board of the Company had approved reduction of share capital of the Xchanging Solutions (Europe) Limited ("XSEL"), wholly owned subsidiary from £2,664,278 divided into 2,664,278 shares of £1 each, to £1 divided into 1 share of £1 each. Pursuant to Company's approval, XSEL reduced its share capital to 1 share of £ 1 each on May 15, 2019.

On May 20, 2019, XSEL declared and paid dividend to the Company. The Board of Directors of the Company approved liquidation of XSEL on May 23, 2019 and the liquidation is still under process.

Except as mentioned above, during the financial year ended March 31, 2020 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 being uploaded on website of the Company <http://www.xchanging.com/investor-relations/xsl-content> for inspection by the shareholders. 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 are 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 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. The disclosure of transactions with the related parties are provided in the notes to the Standalone Financial Statements, forming part of the Annual Report.

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 16th AGM of the Company had appointed M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, (Firm Registration No. 117366W/W-100018), ("Deloitte") as the Statutory Auditors of the Company to hold office from the conclusion of the 16th AGM till the conclusion of the 20th

AGM of the Company subject to ratification of their appointment at every AGM by the shareholders, if required pursuant to the provisions of the Companies Act, 2013. Central Government vide Companies (Amendment) Act, 2017 has amended the provisions of Section 139 of the Act and ratification of appointment of Statutory Auditors in every AGM is no longer required. Therefore, matter relating to ratification of appointment of Deloitte is not required to be placed before the members at the ensuing 19th Annual General Meeting.

The Statutory Auditors had carried out audit of financial statements of the Company for the financial year ended March 31, 2020 pursuant to the provisions of the Act. The reports of Statutory Auditors forms part of the Annual Report. The reports are self-explanatory and does not contain any qualifications, reservations or adverse remarks.

(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 for the financial year ended March 31, 2020 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.

(iii) Reporting of Frauds by Auditors

During the year under review, the Statutory Auditors and the Secretarial Auditor have not reported any instances of frauds committed in the Company by its Officers or Employees, to the Audit Committee under Section 143(12) of the Act, therefore no detail is required to be disclosed under Section 134(3)(ca) of the Act.

I. PARTICULARS OF LOANS, GUARANTEES, INVESTMENTS AND SECURITIES

Details of loans, Guarantees and Investments 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. Chandrasekhara Rao Boddaju, Managing Director and Chief Executive Officer
- b) Mr. Shrenik Kumar Champalal, Whole Time Director and Chief Financial Officer
- c) Mr. Mayank Jain, Company Secretary (resigned w.e.f. October 31, 2019)
- d) Ms. Aruna Mohandoss, Company Secretary (appointed w.e.f. November 13, 2019)

(ii) Employees' Stock Option Plan (ESOP)

During the period under review, no ESOP scheme exists in the Company.

(iii) Particulars of Employees and Related Disclosures

In accordance with the provisions of Section 197(12) of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement containing the disclosures pertaining to remuneration and other details as required under the Act and the above Rules, are appended to this Report as **Annexure III**

As per the provisions of Section 136(1) of the Act, the reports and accounts are being sent to the Members of the Company excluding the information regarding employee remuneration as required pursuant to Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. None of the employees listed in the said information is related to any Director of the Company. Any Member interested in obtaining such information may write an email to the Company Secretary at compliance@xchanging.com and the same will be furnished on such request.

The Board of Directors affirm that the remuneration paid to employees of the Company is as per the Remuneration Policy of the Company.

L. BOARD AND COMMITTEES

(i) Directors

As on March 31, 2020, the Board of Directors comprises of six directors out of which 2 are Executive Directors, 3 are Independent Directors and 1 is Non-Executive- Non-Independent Director.

Based on the recommendation of the Nomination and Remuneration Committee, Mr. Venkatesh Shastry and Mrs. Rama NS were appointed as the Independent Directors in the last Annual General Meeting.

Mr. Henry D'Souza has been appointed as an Independent Director of the Company for 5 (five) years w.e.f. May 25, 2015. Accordingly, first term of his office gets expired on May 24, 2020. Based on the recommendation of Nomination and Remuneration Committee, re-appointment of Mr. Henry D'Souza as Independent Director for five years w.e.f. May 25, 2020 was approved in the last Annual General Meeting.

Independent Directors are not liable to retire by rotation. Pursuant to the provision of Section 152(6) of the Companies Act, 2013. Mrs. Kalpana Tatavarti, Non-

Executive Director, being longest in the office, retire by rotation at the ensuing Annual General Meeting and being eligible offer herself for the re-appointment. Your Board of Directors recommend her re-appointment.

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149 of the Act and applicable Regulations of Listing Regulations. Further, they have declared that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence.

All Directors have affirmed that they are not debarred from holding the office of a Director by virtue of any SEBI order or any other such Authority.

Company has taken the certificate from Mr. Ankush Agarwal (M/s. Ankush Agarwal & Associates, Company Secretaries) that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority. The Certificate is annexed to this Report as **Annexure - IV**

Further, in the opinion of the Board, the independent directors fulfill the conditions specified in Listing Regulations and they are independent of the management.

(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 paid to the Directors is in line with the Nomination and Remuneration Policy formulated in accordance with Section 178 of the Act and Regulation 19 of the Listing Regulations (including any statutory modification(s) or re-enactment(s) thereof for the time being in force).

The relevant Policy(ies) have been uploaded on the website of the Company and can be accessed through the link <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 year ended March 31, 2020, a separate meeting of the Independent Directors of the Company was held on May 23, 2019 without the attendance of Non-Independent Directors and the Management team.

During their meeting held on May 23, 2019, the Independent Directors discussed the matters specified in Schedule IV of the Act and Regulation 25 of the Listing Regulations.

The Nomination and Remuneration Committee of the Company at its meeting held on February 27, 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. Henry D'Souza (Chairman of the Committee), Mr. Venkatesh Shastry, Mrs. Rama NS and Mr. Shrenik Kumar Champalal. The Company Secretary acts as the Secretary to the Committee. Details of the Audit Committee have been provided in Corporate Governance Report.

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 confirm that:

- (a) in the preparation of the annual accounts for the financial year ended March 31, 2020, 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 March 31, 2020 and of the profit of the Company for the financial year 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 safeguarding 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 year ended March 31, 2020; 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 throughout the financial year ended March 31, 2020.

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. During the year under review, the Board of Directors based on the recommendation of the Audit Committee has amended the Whistle Blower Policy to inter alia, enable employees to report incidents of leak or suspected leak of unpublished price sensitive information in line with the changes made in the SEBI (Prohibition of Insider Trading) Regulations, 2015. As per the Whistle Blower Policy implemented by the Company, the Employees, Directors, customers, dealers, vendors, suppliers, or any Stakeholders associated with the Company are free to report illegal or unethical behaviour, actual or suspected fraud or violation of the Company's Codes of Conduct or Corporate Governance Policies or any improper activity to the Chairman of the Audit Committee of the Company. During the year under review, no complaint pertaining to the Company was received under the Whistle Blower Policy. The Vigil Mechanism/Whistle Blower Policy is available at <http://www.xchanging.com/investor-relations/xsl-content>.

(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. The internal financial control system of the Company is supplemented with internal audits, regular reviews by the management and checks by external auditors. The Audit Committee ensures adequacy of the system. The Statutory Auditors of the Company also provide their opinion on the internal financial control framework of the Company.

During the year under review, no material or serious observation has been highlighted for inefficiency or inadequacy of such controls.

(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 year ended March 31, 2020:

- No. of complaints filed during the financial year: Nil
- No. of complaints disposed of during the financial year: Nil
- Number of complaints pending as on end of the financial year: Nil

The Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

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 –V**.

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 –VI**.

P. BUSINESS RESPONSIBILITY REPORT

Pursuant to Regulation 34(2) of the Listing Regulations read with SEBI Circular No. CIR/CFD/CMD/10/2015 dated November 4, 2015, the Business Responsibility Report describing the initiatives taken by the Company from an environmental, social and governance perspective forms part of this Annual Report.

The Business Responsibility Report forms part of the Annual Report and can also be accessed on the Company's website at <http://www.xchanging.com/investor-relations/xsl-content>

Q. OTHER DISCLOSURES

(i) Share Capital

There was no change in the paid-up share capital of the Company. As on March 31, 2020, 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.

The Company has not issued any sweat equity shares or equity shares with differential rights during the financial year.

(ii) Promoter holding and Minimum Public shareholding

The promoter holding in the Company was 90.80% as at the year end March 31, 2019 due to open offers in prior years.

During the period under review, Xchanging Technology Services India Private Limited ("XTSI"), one of the Promoter Group Company sold 17,599,461 equity shares (15,839,515 Equity Shares sold on June 10, 2019 and 1,759,946 Equity Shares sold on June 11, 2019) of the Company through offer for sale. With the conclusion of the offer for sale, the shareholding of the Promoter and Promoter Group has been brought down to 75%, maintaining minimum public shareholding to 25% as required under Regulation 38 of SEBI (LODR) Regulations, 2015.

(iii) 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.

(iv) 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 March 31, 2020 in Form MGT - 9 is attached herewith as **Annexure –VII** and forms part of this Report and can also be accessed on the Company's website at <http://www.xchanging.com/investor-relations/xsl-content>

(v) Compliance of Secretarial Standards

During the financial year under review, the Company has complied with applicable Secretarial Standards on Board and General Meetings specified by the Institute of Company Secretaries of India pursuant to Section 118 of the Act.

(vi) Appointment of Independent Director in an unlisted material Subsidiary

Pursuant to Regulation 24 of the Listing Regulations, Mr. Henry D'Souza, Independent Director of the Company has been appointed as Independent Director w.e.f. April 1, 2019 on the Board of Director of Company's unlisted material subsidiary i.e. Xchanging Solutions (USA) Inc and Xchanging Solutions Singapore Pte Limited.

(vii) Change of Registered Office

The Registered Office of the Company has been changed from "SJR I-Park, Plot No. 13, 14, 15, EPIP Industrial Area, Phase I Whitefield, Bangalore – 560066" to "Kalyani Tech Park - Survey No 1, 6 & 24, Kundanhalli Village, K R Puram Hobli, Bangalore - 560 066" w.e.f. August 1, 2019.

(viii) Responsibility

For Standalone:

The Company's Board of Directors is responsible for the information included in the Boards' Report including Annexures to Board's Report, Management Discussion and Analysis and Corporate Governance Report including annexures thereon

For Consolidated:

The Parent Company's (Xchanging Solutions Limited) Board of Directors is responsible for the information included in the Boards' Report including Annexures to the Board's Report, Management Discussion and Analysis and Corporate Governance Report including annexures thereon

(ix) Material changes and commitments affecting the financial position of the Company

There have been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year to which the financial statements relate and the date of this Report.

(x) Significant and material orders

During the Financial Year 2019-20, there were no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and the Company's operations in future. Further, no penalties have been levied by the SEBI or any other regulator during the year under review.

(xi) Listing

Equity Shares of your Company are listed on National Stock Exchange of India Ltd. and BSE Ltd. Your Company has paid required listing fees to Stock Exchanges for FY 2020-21.

(xii) Maintenance of Cost Records

The maintenance of cost records, for the services rendered by the Company, is not required pursuant to Section 148 (1) of the Act read with Rule 3 of the Companies (Cost Records and Audit) Rules, 2014.

(xiii) Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certificate

In terms of the Listing Regulations, the certificate, as prescribed in Part B of Schedule II of the said Regulations, has been obtained from Mr. Chandrasekhara Rao Boddoju, Managing Director & Chief Executive Officer and Mr. Shrenik Kumar Champalal, Whole Time Director & Chief Financial Officer, for the Financial Year 2019-20 with regard to the Financial Statements and other matters. The said

Certificate is attached herewith as **Annexure – B** and forms part of Corporate Governance 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,

Chandrasekhara Rao Boddaju
Managing Director & Chief
Executive Officer

Shrenik Kumar Champalal
Whole Time Director &
Chief Financial Officer

Place: Bangalore
Date: May 22, 2020

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

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 thereto.

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: **ITeS off-shore 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 Limited has been providing ITeS off-shore services to Xchanging Solutions USA Inc 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,

Chandrasekhara Rao Boddaju
Managing Director & Chief Executive Officer

Shrenik Kumar Champalal
Whole Time Director & Chief Financial Officer

Place: Bangalore
Date: May 22, 2020

MR-3 Secretarial Audit Report

For the Financial period ended 31st March 2020
[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
Kalyani Tech Park, Survey No. 1, 6 & 24,
Kundanhalli Village, K R Puram, Hobli,
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 2020 (Commencing from April 1, 2019 to March 31, 2020), 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 May 21, 2020 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 2020 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, 2018 (*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, 2018 (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 to the extent of securities issued;
 - VIII. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (*Not applicable to the Company during the Audit period*); and
 - IX. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
2. I, further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records, on test check basis, management confirmation in pursuance thereof, the Company has complied with Information Technology Act, 2000 and the rules made there under, applicable specifically to the Company and general laws like Labour Laws, Employees Provident Funds Act, Employees State Insurance Act, as applicable to the Company, during the financial year 01 April 2019 to 31 March 2020.

Annexure – II to Boards' Report

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 (hereinafter referred as '**Secretarial Standards**'). We noted that the Company is generally regular in complying with the Secretarial Standards; and
 - ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as "**SEBI (LODR) Regulations, 2015**") and the Listing Agreements entered into by the Company with the National Stock Exchange of India Limited (hereinafter referred as "**the NSE**") and the BSE Limited (hereinafter referred as "**The BSE**") (collectively hereinafter referred as '**the Stock Exchanges**').
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. We further report that compliance of applicable financial laws including Direct and Indirect Tax Laws by the Company has not been reviewed in this audit since the same has been subject to review by the Statutory Auditors.
6. 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 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. Decisions of Board/Committee were carried through majority. 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) 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.
 - iv) 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.

Promoters Holding and Minimum Public Shareholding

The promoter holding in the Company was 90.80% as at the YE March 31, 2019 due to open offers in prior years.

The BSE, vide its letter dated April 16, 2019, communicated to the Company that based upon Company's presentation & submission on "Promoters Holding and Minimum Public Shareholding" and with regards to aforesaid facts, "the Company has time to comply with the requirement of Minimum Public Shareholdings under Regulation 38 of SEBI (LODR) Regulations, 2015 till June 10, 2019. Further, the BSE withdrawn its letters dated October 17, 2018 and November 29, 2018 issued to the Company, in which it had levied fine of Rs. 19,29,300/- on the subject matter and it advised the Company to comply Regulations 38 of SEBI (LODR) Regulations, 2015 by June 10, 2019.

Accordingly, during the period under review, Xchanging Technology Services India Private Limited ("XTSI"), one of the Promoter Group Company sold 17,599,461 equity shares (15,839,515 Equity Shares sold on June 10, 2019 and 1,759,946 Equity Shares sold on June 11, 2019) of the Company through offer for sale. With the conclusion of the offer for sale, the shareholding of the Promoter and Promoter Group has been brought down to 75%, maintaining minimum public shareholding to 25% as required under Regulation 38 of SEBI (LODR) Regulations, 2015.

Note: Due to COVID-19 outbreak worldwide and lockdown imposed by Government of India and respective State Governments since March 24, 2020 till date of this report, we have not been able to do process audit and physical verification of certain books, papers, minute books, forms and returns filed and other records maintained by the Company and same have been verified electronically on emails.

Ankush Agarwal & Associates Company Secretaries

Ankush Agarwal

Proprietor

Membership No: F9719

Certificate of Practice No: 14486

UDIN: F009719B000265931

Place: Noida

Date: May 21, 2020

Annexure –A to Secretarial Audit Report dated May 21, 2020

To,
The Members,
Xchanging Solutions Limited
Kalyani Tech Park, Survey No. 1, 6 & 24,
Kundanhalli Village, K R Puram, Hobli,
Bangalore, Karnataka – 560 066
[CIN: L72200KA2002PLC030072]

My Secretarial Audit Report dated May 21, 2020 is to be read with this letter.

1. The compliance of provisions of all laws, rules, regulations and standards applicable to **Xchanging Solutions Limited** ('the **Company**') is the responsibility of the management of the Company. My examination was limited to the verification of records and procedures on test check basis for the purpose of issue of the Secretarial Audit Report.
2. Maintenance of secretarial and other records of applicable laws is the responsibility of the management of the Company. My responsibility is to issue Secretarial Audit Report, based on the audit of the relevant records maintained and furnished to us by the Company, along with explanations where so required.
3. 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 the purpose of issue of the Secretarial Audit Report.
4. 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.
5. I have obtained the Management's representation about the compliance of laws, rules and regulations and happening of events, wherever required.
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: F9719
Certificate of Practice No: 14486
UDIN: F009719B000265931

Place: Noida
Date: May 21, 2020

ANNEXURE – III TO BOARDS' REPORT

Remuneration to Directors / KMP / Employees

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 year ended:

| Name & Designation | Ratio |
|--|-------|
| Chandrasekhara Rao Boddaju - Managing Director & Chief Executive Officer | *NA |
| Shrenik Kumar Champalal - Whole Time Director & Chief Financial Officer | 5.14 |

* Did not draw remuneration during FY 19-20.

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

| Name & Designation | % increase in Remuneration in the financial year ended March 31, 2020 |
|--|---|
| Chandrasekhara Rao Boddaju - Managing Director & Chief Executive Officer | - |
| Shrenik Kumar Champalal - Whole Time Director & Chief Financial Officer | - |
| Mayank Jain - Company Secretary (resigned w.e.f. October 31, 2019) | - |
| Aruna Mohandoss – Company Secretary (appointed w.e.f. November 13, 2019) | - |

There is no increase in the remuneration of the Directors. Above said Company Secretaries were appointed or resigned during the year. 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 year ended March 31, 2020: 5%
- (iv) The number of permanent employees on the rolls of Company: 164
- (v) Average percentile increase made in the salaries of employees other than the managerial personnel in the last financial year: Not Applicable as number of employees reduced from 183 to 164 and total salaries (including wages & bonus) from Rs 2,361/- Lakhs of the previous year to Rs 1,859/- Lakhs for the current year.
- (vi) Comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration: Not Applicable as there is no increase in the remuneration of the Managerial personnel(s).
- (vii) Affirmation that the remuneration is as per the remuneration policy of the Company: Yes, remuneration is as per the remuneration policy of the Company.

For and on behalf of the Board of Directors,

Chandrasekhara Rao Boddaju
Managing Director & Chief Executive Officer

Shrenik Kumar Champalal
Whole Time Director & Chief Financial Officer

Place: Bangalore
Date: May 22, 2020

ANNEXURE – IV TO BOARDS' REPORT

Certificate of Non-disqualification of Director

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members,
Xchanging Solutions Limited
Kalyani Tech Park, Survey No. 1, 6 & 24,
Kundanhalli Village, K R Puram, Hobli,
Bangalore, Karnataka – 560 066

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Xchanging Solutions Limited, having CIN L72200KA2002PLC030072 and having registered office at Kalyani Tech Park, Survey No. 1, 6 & 24, Kundanhalli Village, K R Puram, Hobli,, Bangalore, Karnataka-560 066, (hereinafter referred to as '**the Company**'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority as applicable.

| S. No. | Name of Director | DIN | Date of Appointment in Company |
|--------|---|----------|--------------------------------|
| 1 | Mr. Henry D'souza | 00276157 | 29/02/2012 |
| 2 | Mrs. Gidugu Kalpana Tatavarti | 06644105 | 27/03/2018 |
| 3 | Mr. Venkatesh Venkatasubba Ramanandashastry Shastry | 08277771 | 15/11/2018 |
| 4 | Mrs. Nonavinakeri Srinivasaiyengar Rama | 06720033 | 01/04/2019 |
| 5 | Mr. Chandrasekhara Rao Boddoju | 08185777 | 09/08/2018 |
| 6 | Mr. Shrenik Kumar Champalal | 08099410 | 31/03/2018 |

Ensuring the eligibility for the appointment and continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of 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: F9719
Certificate of Practice No: 14486
UDIN: F009719B000263491

Place: Noida
Date: May 21, 2020

Corporate Social Responsibility

Annual

Annual Report of Corporate Social Responsibility (CSR) Activities for the Financial Year ending March 31, 2020:

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 |
|-------------------------|---|-----------------------|
| Henry D’Souza | Independent Director | Chairman |
| Venkatesh Shastry | Independent Director | Member |
| Rama NS | Independent Director | Member |
| Kalpana Tataavarti | Non-Executive Director | Member |
| Shrenik Kumar Champalal | Executive Director (Whole Time Director) | Member |

3. Average net profit of the Company for last three financial years: Rs 1035.33 lakhs
4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above): Rs 20.70 lakhs
5. Details of CSR spent during the financial year:

a) Total amount to be spent for the financial year: Rs 20.70 Lakhs

b) Amount unspent, if any: Nil

c) Manner in which the amount spent during the financial year is detailed below: (In INR Lakhs)

| S. No. | CSR project or activity identified | Sector in which the project is covered | Projects or programmes: i) Local area or other ii) Specify the State or District where the projects or programmes was undertaken | Amount outlay (Budget) project or programmes wise | Amount spent on project or programmes: Subhead: | Cumulative expenditure up to the date of reporting | Amount spent: Direct or through implementing agencies |
|--------|--|--|--|---|---|--|--|
| 1. | To provide Education to underprivileged children | Promoting education, including special education | Bangalore, Karnataka | 20.70 | 20.70 | 20.70 | Through a registered trust-U&I Trust for the underprivileged |
| | Total | | | 20.70 | 20.70 | 20.70 | |

1. U&I Trust

U&I is a Trust registered under I.T. Act 1961 having its Registered Office at 8/1, Gover Road, Opp. St. Peter’s Church, Cox Town, Bangalore - 560005, India. U&I is a non-governmental organization that works towards education of 2000+ underprivileged children across 20 cities of 9 states in India.

U&I invests in the education of underprivileged children. It is completely volunteer driven and currently has 2600+ volunteers teaching courses in English and providing tutoring support with a student-teacher ratio of 1:1. U&I manages 59 learning centres across 20 cities of 9 states in India. U&I also runs Child Enrichment Programmes that help with the holistic growth of students and enable them to have better career opportunities. U&I Teach has positively impacted 8000+ underprivileged children.

Annexure – V to Boards' Report

6. In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report : Not Applicable
7. 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

Chandrasekhara Rao Boddaju
Managing Director & Chief Executive Officer

Henry D'Souza
Chairman-CSR Committee

Place : Bangalore

Date : May 22, 2020

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 | March 31, 2020 | March 31, 2019 |
|---------------------------------|----------------|----------------|
| Total Foreign Exchange earnings | 3006 | 3,895 |
| Total foreign Exchange outgo | 224 | 283 |

ANNEXURE – VII TO BOARDS' REPORT

EXTRACT OF ANNUAL RETURN FORM MGT -9

(AS ON THE FINANCIAL YEAR ENDED ON March 31, 2020)
Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies
(Management and Administration) Rules, 2014

1. REGISTRATION AND OTHER DETAILS OF COMPANY:

- i) CIN : L72200KA2002PLC030072
- ii) Registration Date : February 1, 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 : Kalyani Tech Park - Survey No 1, 6 & 24
Kundanhalli Village, K R Puram Hobli,
Bangalore – 560066
Telephone no.: +91 80 4364 0000
Email id: compliance@xchanging.com
- vi) Whether listed company Yes / No : Yes
- vii) Name, Address and Contact details of Registrar and Transfer Agent : KFin Technologies Private Limited
Selenium Tower B, Plot 31- 32
Gachibowli, Financial District,
Nanakramguda, Hyderabad – 500032

2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

| Sr. 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 |

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 (USA) Inc, USA | NA | Subsidiary | 100.00 | 2(87) |
| 3. | Xchanging Solutions (Singapore) Pte Limited, Singapore | NA | Subsidiary | 100.00 | 2(87) |
| 4. | Xchanging Solutions (Europe) Limited, UK (Company is under Liquidation) | NA | Subsidiary | 100.00 | 2(87) |
| 5. | Xchanging Solutions (Malaysia) Sdn Bhd, Malaysia (Company is under Liquidation) | NA | Step-down Subsidiary | 100.00 | 2(87) |
| 6. | Nexplicit Infotech India Private Limited (Company is under Liquidation) | U72200 KA2004 PTC047543 | Step-down Subsidiary | 100.00 | 2(87) |

4. SHARE HOLDING 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 | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|---|---|----------|------------------|-------------------|---|----------|-----------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoter | | | | | | | | | |
| <i>1) Indian</i> | | | | | | | | | |
| a) Individual/ HUF | 0 | 0 | 0 | 0.0 | 0 | 0 | 0 | 0.00 | 0.00 |
| b) Central Govt | 0 | 0 | 0 | 0.0 | 0 | 0 | 0 | 0.00 | 0.00 |
| c) State Govt(s) | 0 | 0 | 0 | 0.0 | 0 | 0 | 0 | 0.00 | 0.00 |
| d) Bodies Corp | 43149461 | 0 | 43149461 | 38.73 | 25550000 | 0 | 25550000 | 22.93 | 15.8 |
| e) Banks / FI | 0 | 0 | 0 | 0.0 | 0 | 0 | 0 | 0.00 | 0.00 |
| f) Any Other | 0 | 0 | 0 | 0.0 | 0 | 0 | 0 | 0.00 | 0.00 |
| Subtotal(A)(1): - | 43149461 | 0 | 43149461 | 38.73 | 25550000 | 0 | 25550000 | 22.93 | -15.80 |
| <i>2) Foreign</i> | | | | | | | | | |
| g) Individuals (NRI/Foreign Individual) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| h) Institutions | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| i) Bodies Corp. | 58002787 | 0 | 58002787 | 52.07 | 58002787 | 0 | 58002787 | 52.07 | 0.00 |
| j) Qualified Foreign Investor | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| k) Any Other | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Sub-total (A)(2): - | 58002787 | 0 | 58002787 | 52.07 | 58002787 | 0 | 58002787 | 52.07 | 0.00 |
| Total shareholding of Promoter (A) = (A1) + (A2) | 101152248 | 0 | 101152248 | 90.80 | 83552787 | 0 | 83552787 | 75.00 | 15.80 |
| B. Public Shareholding | | | | | | | | | |
| <i>1. Institutions</i> | | | | | | | | | |
| a) Mutual Funds | 300 | 0 | 300 | 0.00 | 5330618 | 0 | 5330618 | 4.78 | 4.78 |
| b) Banks / FI | 404112 | 0 | 404112 | 0.36 | 410655 | 0 | 410655 | 0.37 | 0.01 |
| c) Central Govt/State Govt | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| d) Foreign Portfolio Investors | 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 | 0 | 0 | 0 | 0.00 | 39100 | 0 | 39100 | 0.04 | 0.04 |
| h) Foreign Venture Capital Funds | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| i) Alternate Investment Funds | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| j) Others (Qualified Institutional Buyer) | 0 | 0 | 0 | 0.00 | 15400 | 0 | 15400 | 0.01 | 0.01 |
| Sub-total (B)(1) | 404412 | 0 | 404412 | 0.36 | 5795773 | 0 | 5795773 | 5.20 | 4.84 |

Annexure – VII to Boards' Report

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|--|---|---------------|------------------|-------------------|---|---------------|------------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| <i>2. Non-Institutions</i> | | | | | | | | | |
| a Bodies Corp. | 972265 | 10937 | 983202 | 0.88 | 8878717 | 10937 | 8889654 | 7.98 | 7.10 |
| b) Individuals | | | | | | | | | |
| (i) Individual shareholders holding nominal share capital up to Rs. 1 lakhs | 3599388 | 84746 | 3684134 | 3.31 | 4718086 | 83646 | 4801732 | 4.31 | 1.00 |
| (ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakhs | 2094236 | 0 | 2094236 | 1.88 | 5194950 | 0 | 5194950 | 4.66 | 2.78 |
| c) Others | | | | | | | | | |
| Clearing Members | 12558 | 0 | 12558 | 0.01 | 61475 | 0 | 61475 | 0.06 | 0.05 |
| Foreign Corporate Bodies | 3008287 | 0 | 3008287 | 2.70 | 3008287 | 0 | 3008287 | 2.70 | 0.00 |
| Foreign Nationals | 12437 | 0 | 12437 | 0.01 | 12437 | 0 | 12437 | 0.01 | 0.00 |
| Non-resident Indians | 23623 | 5527 | 29150 | 0.03 | 59512 | 5527 | 65039 | 0.06 | 0.03 |
| NRI non-repatriation | 22531 | 0 | 22531 | 0.02 | 21281 | 0 | 21281 | 0.02 | 0.00 |
| Overseas corporate bodies | 300 | 0 | 300 | 0.00 | 300 | 0 | 300 | 0.00 | 0.00 |
| NBFC | 100 | 0 | 100 | 0.00 | 30000 | 0 | 30000 | 0.03 | 0.03 |
| Trusts | 221 | 0 | 221 | 0.00 | 1 | 0 | 1 | 0.00 | 0.00 |
| Qualified Foreign Investor | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Sub-total(B)(2) | 9745846 | 101210 | 9847056 | 8.84 | 21955046 | 100110 | 22055156 | 19.80 | 10.96 |
| Total Public Shareholding (B)=(B)(1)+(B)(2) | 10150258 | 101210 | 10251468 | 9.20 | 27750819 | 100110 | 27850929 | 25.00 | 15.80 |
| C. Shares held by Custodian for GDRs & ADRs | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Grand Total(A+B+C) | 111302506 | 101210 | 111403716 | 100.00 | 111303606 | 100110 | 111403716 | 100.00 | 0.00 |

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 | 38948299 | 34.96 | Nil | 21348838 | 19.16 | Nil | -15.80 |
| 3. | DXC Technology India Private Limited | 4201162 | 3.77 | Nil | 4201162 | 3.77 | Nil | Nil |

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 | 58002787 | 52.07 |
| 2 | Xchanging Technology Services India Private Limited | 38948299 | 34.96 | 38948299 | 34.96 |
| | • Sold 15,839,515 Equity Shares on June 10, 2019; and | – | – | 23108784 | 20.76 |
| | • Sold 1,759,946 Equity Shares on June 11, 2019 | – | – | 21348838 | 19.16 |
| 3 | DXC Technology India Private Limited | 4201162 | 3.77 | 4201162 | 3.77 |

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

| S. No. | Name of the Shareholder | Shareholding at the beginning of the Year | | 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 | ABAKKUS GROWTH FUND-1 | 0 | 0.00 | 30/03/2019 | Opening Balance | | | 0 | 0.00 |
| | | | | 14/06/2019 | Purchase | 3769426 | Transfer | 3769426 | 3.38 |
| | | | | 08/11/2019 | Purchase | 5000 | Transfer | 3774426 | 3.39 |
| | | | | 03/01/2020 | Purchase | 9458 | Transfer | 3783884 | 3.40 |
| | | | | 31/01/2020 | Sale | -21566 | Transfer | 3762318 | 3.38 |
| | | | | 31/03/2020 | Closing Balance | | | 3762318 | 3.38 |
| 2 | RAJASTHAN GLOBAL SECURITIES PRIVATE LIMITED | 0 | 0.00 | 30/03/2019 | Opening Balance | | | 0 | 0.00 |
| | | | | 14/06/2019 | Purchase | 3210448 | Transfer | 3210448 | 2.88 |
| | | | | 31/03/2020 | Closing Balance | | | 3210448 | 2.88 |

Annexure – VII to Boards’ Report

| S. No. | Name of the Shareholder | Shareholding at the beginning of the Year | | 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 |
| 3 | KATRA FINANCE LIMITED | 3008287 | 2.70 | 30/03/2019 | Opening Balance | | | 3008287 | 2.70 |
| | | | | 31/03/2020 | Closing Balance | | | 3008287 | 2.70 |
| 4 | MISRILALL MINES PRIVATE LIMITED | 0 | 0.00 | 30/03/2019 | Opening Balance | | | 0 | 0.00 |
| | | | | 14/06/2019 | Purchase | 1800000 | Transfer | 1800000 | 1.62 |
| | | | | 28/06/2019 | Purchase | 51000 | Transfer | 1851000 | 1.66 |
| | | | | 20/03/2020 | Purchase | 10000 | Transfer | 1861000 | 1.67 |
| | | | | 31/03/2020 | Closing Balance | | | 1861000 | 1.67 |
| 5 | EDELWEISS MULT STRATEGY INVESTMENT TRUST-EDELWE | 0 | 0.00 | 30/03/2019 | Opening Balance | | | 0 | 0.00 |
| | | | | 14/06/2019 | Purchase | 1100000 | Transfer | 1100000 | 0.99 |
| | | | | 31/03/2020 | Closing Balance | | | 1100000 | 0.99 |
| 6 | EUREKA COMMODITY BROKERAGE PVT. LTD. | 0 | 0.00 | 30/03/2019 | Opening Balance | | | 0 | 0.00 |
| | | | | 14/06/2019 | Purchase | 1193378 | Transfer | 1193378 | 1.07 |
| | | | | 20/09/2019 | Sale | -100000 | Transfer | 1093378 | 0.98 |
| | | | | 11/10/2019 | Purchase | 100000 | Transfer | 1193378 | 1.07 |
| | | | | 01/11/2019 | Sale | -150000 | Transfer | 1043378 | 0.94 |
| | | | | 08/11/2019 | Sale | -300000 | Transfer | 743378 | 0.67 |
| | | | | 31/01/2020 | Sale | -6391 | Transfer | 736987 | 0.66 |
| | | | | 21/02/2020 | Sale | -98 | Transfer | 736889 | 0.66 |
| | | | | 13/03/2020 | Sale | -25000 | Transfer | 711889 | 0.64 |
| | | | | 31/03/2020 | Purchase | 175000 | Transfer | 886889 | 0.80 |
| 7 | GLOBE CAPITAL MARKET LIMITED | 580203 | 0.52 | 30/03/2019 | Opening Balance | | | 580203 | 0.52 |
| | | | | 05/04/2019 | Sale | -5000 | Transfer | 575203 | 0.52 |
| | | | | 12/04/2019 | Sale | -40 | Transfer | 575163 | 0.52 |
| | | | | 10/05/2019 | Purchase | 100 | Transfer | 575263 | 0.52 |
| | | | | 17/05/2019 | Sale | -100 | Transfer | 575163 | 0.52 |
| | | | | 14/06/2019 | Purchase | 70853 | Transfer | 646016 | 0.58 |
| | | | | 14/06/2019 | Sale | -9900 | Transfer | 636116 | 0.57 |
| | | | | 21/06/2019 | Sale | -100 | Transfer | 636016 | 0.57 |
| | | | | 28/06/2019 | Purchase | 92 | Transfer | 636108 | 0.57 |
| | | | | 05/07/2019 | Purchase | 4358 | Transfer | 640466 | 0.57 |

Annexure – VII to Boards' Report

| S. No. | Name of the Shareholder | Shareholding at the beginning of the Year | | 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 |
| | | | | 05/07/2019 | Sale | -4358 | Transfer | 636108 | 0.57 |
| | | | | 12/07/2019 | Purchase | 801 | Transfer | 636909 | 0.57 |
| | | | | 12/07/2019 | Sale | -4358 | Transfer | 632551 | 0.57 |
| | | | | 19/07/2019 | Purchase | 598 | Transfer | 633149 | 0.57 |
| | | | | 19/07/2019 | Sale | -598 | Transfer | 632551 | 0.57 |
| | | | | 26/07/2019 | Purchase | 12551 | Transfer | 645102 | 0.58 |
| | | | | 26/07/2019 | Sale | -548 | Transfer | 644554 | 0.58 |
| | | | | 02/08/2019 | Sale | -50 | Transfer | 644504 | 0.58 |
| | | | | 30/08/2019 | Sale | -3749 | Transfer | 640755 | 0.58 |
| | | | | 06/09/2019 | Sale | -301 | Transfer | 640454 | 0.57 |
| | | | | 13/09/2019 | Sale | -2075 | Transfer | 638379 | 0.57 |
| | | | | 20/09/2019 | Purchase | 28058 | Transfer | 666437 | 0.60 |
| | | | | 20/09/2019 | Sale | -28305 | Transfer | 638132 | 0.57 |
| | | | | 27/09/2019 | Sale | -28150 | Transfer | 609982 | 0.55 |
| | | | | 30/09/2019 | Sale | -342 | Transfer | 609640 | 0.55 |
| | | | | 04/10/2019 | Purchase | 20826 | Transfer | 630466 | 0.57 |
| | | | | 18/10/2019 | Purchase | 1607 | Transfer | 632073 | 0.57 |
| | | | | 25/10/2019 | Purchase | 1000 | Transfer | 633073 | 0.57 |
| | | | | 01/11/2019 | Purchase | 11951 | Transfer | 645024 | 0.58 |
| | | | | 01/11/2019 | Sale | -20109 | Transfer | 624915 | 0.56 |
| | | | | 08/11/2019 | Sale | -24461 | Transfer | 600454 | 0.54 |
| | | | | 15/11/2019 | Purchase | 10000 | Transfer | 610454 | 0.55 |
| | | | | 22/11/2019 | Purchase | 7193 | Transfer | 617647 | 0.55 |
| | | | | 29/11/2019 | Purchase | 6680 | Transfer | 624327 | 0.56 |
| | | | | 06/12/2019 | Purchase | 24776 | Transfer | 649103 | 0.58 |
| | | | | 06/12/2019 | Sale | -4676 | Transfer | 644427 | 0.58 |
| | | | | 13/12/2019 | Sale | -82744 | Transfer | 561683 | 0.50 |
| | | | | 20/12/2019 | Purchase | 2606 | Transfer | 564289 | 0.51 |
| | | | | 20/12/2019 | Sale | -327 | Transfer | 563962 | 0.51 |
| | | | | 27/12/2019 | Purchase | 150 | Transfer | 564112 | 0.51 |
| | | | | 31/12/2019 | Sale | -150 | Transfer | 563962 | 0.51 |
| | | | | 17/01/2020 | Purchase | 1000 | Transfer | 564962 | 0.51 |
| | | | | 24/01/2020 | Purchase | 4200 | Transfer | 569162 | 0.51 |
| | | | | 31/01/2020 | Sale | -50000 | Transfer | 519162 | 0.47 |
| | | | | 14/02/2020 | Purchase | 15264 | Transfer | 534426 | 0.48 |
| | | | | 21/02/2020 | Purchase | 5077 | Transfer | 539503 | 0.48 |
| | | | | 28/02/2020 | Purchase | 4871 | Transfer | 544374 | 0.49 |
| | | | | 28/02/2020 | Sale | -50 | Transfer | 544324 | 0.49 |
| | | | | 06/03/2020 | Purchase | 14022 | Transfer | 558346 | 0.50 |
| | | | | 13/03/2020 | Purchase | 400 | Transfer | 558746 | 0.50 |
| | | | | 20/03/2020 | Purchase | 877 | Transfer | 559623 | 0.50 |
| | | | | 27/03/2020 | Sale | -2519 | Transfer | 557104 | 0.50 |

Annexure – VII to Boards’ Report

| S. No. | Name of the Shareholder | Shareholding at the beginning of the Year | | 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 |
| | | | | 31/03/2020 | Sale | -3358 | Transfer | 553746 | 0.50 |
| | | | | 31/03/2020 | Closing Balance | | | 553746 | 0.50 |
| 8 | ABAKKUS EMERGING OPPORTUNITIES FUND-1 | 0 | 0.00 | 30/03/2019 | Opening Balance | | | 0 | 0.00 |
| | | | | 14/06/2019 | Purchase | 428357 | Transfer | 428357 | 0.38 |
| | | | | 02/08/2019 | Purchase | 3543 | Transfer | 431900 | 0.39 |
| | | | | 06/09/2019 | Purchase | 8100 | Transfer | 440000 | 0.39 |
| | | | | 20/03/2020 | Purchase | 25000 | Transfer | 465000 | 0.42 |
| | | | | 27/03/2020 | Purchase | 3000 | Transfer | 468000 | 0.42 |
| | | | | 31/03/2020 | Closing Balance | | | 468000 | 0.42 |
| 9 | LIFE INSURANCE CORPORATION OF INDIA | 388382 | 0.35 | 30/03/2019 | Opening Balance | | | 388382 | 0.35 |
| | | | | 31/03/2020 | Closing Balance | | | 388382 | 0.35 |
| 10 | EUREKA STOCK AND SHARE BROKING SERVICES LIMITED - | 0 | 0.00 | 30/03/2019 | Opening Balance | | | 0 | 0.00 |
| | | | | 30/08/2019 | Purchase | 120000 | Transfer | 120000 | 0.11 |
| | | | | 20/09/2019 | Sale | -20000 | Transfer | 100000 | 0.09 |
| | | | | 11/10/2019 | Sale | -100000 | Transfer | 0 | 0.00 |
| | | | | 01/11/2019 | Purchase | 150000 | Transfer | 150000 | 0.13 |
| | | | | 08/11/2019 | Purchase | 300000 | Transfer | 450000 | 0.40 |
| | | | | 27/12/2019 | Purchase | 25000 | Transfer | 475000 | 0.43 |
| | | | | 03/01/2020 | Purchase | 25000 | Transfer | 500000 | 0.45 |
| | | | | 14/02/2020 | Sale | -25000 | Transfer | 475000 | 0.43 |
| | | | | 06/03/2020 | Purchase | 20000 | Transfer | 495000 | 0.44 |
| | | | | 13/03/2020 | Purchase | 25000 | Transfer | 520000 | 0.47 |
| | | | | 27/03/2020 | Purchase | 183698 | Transfer | 703698 | 0.63 |
| | | | | 31/03/2020 | Purchase | 300000 | Transfer | 1003698 | 0.90 |
| | | | | 31/03/2020 | Sale | -673698 | Transfer | 330000 | 0.30 |
| | | | | 31/03/2020 | Closing Balance | | | 330000 | 0.30 |

*Increase / (decrease) in shareholding as stated above is based on details of beneficial ownership furnished by the depository

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

| S. No. | Names of Director and Key Managerial Personnel | Shareholding at the beginning & at the end of the year |
|--------|--|--|
| 1. | Henry D'Souza | NIL |
| 2. | Venkatesh Shastry | NIL |
| 3. | Chandrasekhara Rao Boddaju | NIL |
| 4. | Rama NS | NIL |
| 5. | Kalpana Tatavarti | NIL |
| 6. | Shrenik Kumar Champalal | 1 |
| 7. | Aruna Mohandoss | NIL |

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 | 2,98,888 | - | - | 2,98,888 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 16,112 | - | - | 16,112 |
| Total (i+ii+iii) | 3,15,000 | - | - | 3,15,000 |
| Change in Indebtedness during the financial year | | | | |
| Principal | | | | |
| • Addition | - | - | - | - |
| • Reduction | 2,98,888 | - | - | 2,98,888 |
| Interest | | | | |
| • Reduction | 16,112 | - | - | 16,112 |
| Net Change | | | | |
| • Principal | 2,98,888 | - | - | 2,98,888 |
| • Interest | 16,112 | - | - | 16,112 |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | - | - | - | - |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | - | - | - |
| Total (i+ii+iii) | - | - | - | - |

6. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director(MD), Whole-time Directors(WTD) and/or Manager

(INR in Lakhs)

| S. No. | Particulars of Remuneration | | | | Total Amount |
|--------|---|---|--------------|---------|--------------|
| | | MD | WTD | Manager | |
| 1. | Gross salary | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | - | 47.94 | - | 47.94 |
| | (b) Value of perquisites u/s17(2) of Income-tax Act, 1961 | - | - | - | - |
| | (c) Profits in lieu of salary under section 17(3) of the Income- tax Act, 1961 | - | - | - | - |
| 2. | Stock Option | - | - | - | - |
| 3. | Sweat Equity | - | - | - | - |
| 4. | Commission | | | | |
| | • as % of profit | - | - | - | - |
| | • others, specify | - | - | - | - |
| 5. | Others, please specify | - | - | - | - |
| 6. | Total (A) | - | 47.94 | - | 47.94 |
| | Ceiling as per the Act | It is in accordance with the ceiling as specified under section 197 of the Companies Act, 2013. | | | |

B. Remuneration to other directors:

(INR in Lakhs)

| S. No. | Particulars of Remuneration | Name of Directors | | | | |
|--------|--|---|--------------|-------------------|-------------------|--------------|
| | | Henry D Souza | Rama NS | Venkatesh Shastry | Kalpana Tatavarti | Total Amount |
| 1 | <u>Independent Directors</u> | | | | | |
| | • Fee for attending board committee meetings | | | | | |
| | • Commission | | | | | |
| | • Others, please specify | 10.20 | 10.20 | 7.80 | N.A | 28.20 |
| | Total (1) | 10.20 | 10.20 | 7.80 | N.A | 28.20 |
| 2 | <u>Other Non-Executive Directors</u> | | | | | |
| | • Fee for attending board committee meetings | | | | | |
| | • Commission | | | | | |
| | • Others, please specify | N.A | N.A | N.A | 7.20 | 7.20 |
| | Total (2) | N.A | N.A | N.A | 7.20 | 7.20 |
| | Total (B)= (1+2) | 10.20 | 10.20 | 7.80 | 7.20 | 35.40 |
| | Total Managerial Remuneration | N.A | N.A | N.A | N.A | N.A |
| | 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

| S. No. | Particulars of Remuneration | Key Managerial Personnel | | | | |
|--------|---|--------------------------|-------------------|------------------|------|-------|
| | | CEO# | Company Secretary | | CFO# | Total |
| | | | Mayank Jain* | Aruna Mohandoss® | | |
| 1. | Gross salary | | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | - | 7.74 | 5.90 | - | 13.64 |
| | (b) Value of perquisites u/s17(2) of Income-tax Act, 1961 | - | - | - | - | - |
| | (c) Profits in lieu of salary under section17(3) of the Income-tax Act, 1961 | - | - | - | - | - |
| 2. | Stock Option | - | - | - | - | - |
| 3. | Sweat Equity | - | - | - | - | - |
| 4. | Commission | | | | | |
| | • as % of profit | - | - | - | - | - |
| | • others, specify | - | - | - | - | - |
| 5. | Others, please specify | - | - | - | - | - |
| 6. | Total | - | 7.74 | 5.90 | - | 13.64 |

* Mr. Mayank Jain resigned as Company Secretary w.e.f. October 31, 2019

® Ms. Aruna Mohandoss was appointed as Company Secretary w.e.f. November 13, 2019

CEO & CFO being the Executive Directors their remuneration details are mentioned in table 6A above

7. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

Xchanging Solutions Limited was incorporated on February 1, 2002 with operations in India, and an international presence established through subsidiaries in several countries.

DXC Technology Company, ultimate holding company, is listed on New York Stock Exchange, and through its indirect subsidiaries Xchanging (Mauritius) Limited, Xchanging Technologies Services India Private Limited & DXC Technology India Private Limited, owns 75% of the outstanding share capital of the Company.

INDUSTRY STRUCTURE, OVERVIEW AND TRENDS; OPPORTUNITIES, THREATS AND OUTLOOK

The IT-BPM sector grew by 7.7% y-o-y garnering a total revenue of USD 191 billion in FY 2020. IT Services sector garnered the revenue of USD 97 billion (growth of 6.7%). The sector generated exports of over USD 147 billion in revenues in FY 2020, growing at 8.1% from the previous year. [**Source: National Association of Software and Services Companies (NASSCOM)*].

India's IT industry is expected to contribute 10 per cent of India's GDP by 2025 and India's digital economy is estimated to reach US\$ 1 trillion by 2025. Artificial Intelligence and machine learning will contribute to US\$1 trillion to Indian economy by 2035. The global sourcing market in India continues to grow at a higher pace compared to the IT-BPM industry. Indian IT & ITeS companies have set up over 1,000 global delivery centres in about 80 countries across the world. The revenue from digital segment is expected to comprise 38 per cent of the forecasted US\$ 350 billion industry revenue by 2025.

IT industry is fueling the growth of start-ups in India, with the presence of around 5,300 tech start-ups in India. India's highly qualified talent pool of technical graduates is one of the largest in the world, facilitating its emergence as a preferred destination for outsourcing, computer science/information technology accounts for the biggest chunk of India's fresh engineering talent pool, with more than 98 per cent of the colleges offering this stream. IT industry employees 4.1 million people as of FY19. [** Source: India Brand Equity Foundation (IBEF)*]

Investments/ Developments

Indian IT's core competencies and strengths have attracted significant investments from major countries. The computer software and hardware sector in India attracted cumulative Foreign Direct Investment (FDI) inflows worth US\$ 43.58 billion between April 2000 to December 2019, according to data released by the Department of Industrial Policy and Promotion (DIPP).

India is the topmost offshoring destination for IT companies across the world. Having proven its capabilities in delivering both onshore and off-shore services to global clients, emerging technologies now offer an entire new gamut of opportunities for top IT firms in India. The industry is expected to grow to US\$ 350 billion by 2025 and BPM is expected to account for US\$ 50-55 billion out of the total revenue. [** Source: India Brand Equity Foundation (IBEF)*]

Covid-19 & IT Sector

Indian IT services industry is expected to see an adverse impact for a short-term due to COVID-19 outbreak with the sector clocking a lower growth of 3-5 per cent in financial year 2020-21. ICRA previously expected the sector to grow at 6-8 per cent. With the slowdown in growth during the first half of 2020-21, the margins will also be negatively impacted before a likely recovery in the next financial year. The credit outlook for Indian IT companies remains stable led by healthy free cash flows cushioning short-term disruptions with significant liquidity in the form of surplus investments generated out of past cash flows [**Source: ICRA Limited*].

RISKS AND CONCERNS

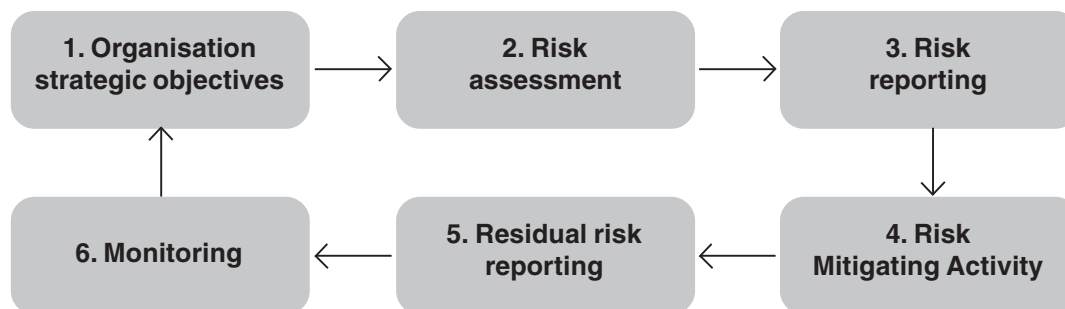
The Company analyse the nature and extent of risks and consider their likelihood of occurrence and impact; both on an inherent and residual basis, after taking into account mitigating and compensating controls. This allows us to determine how we should manage each risk in order to achieve our strategic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

- 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"> Invest in the development of new offerings. Develop innovative value adding customer solutions. Utilise our skilled knowledgeable resources. Review our existing services and products to ensure that they meet our customers' requirements. |
| 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"> Investing in innovative services and products for both new and existing customers. Ensuring utilisation of our technology capabilities and competitive low cost offshore services. Clearly defined offerings and sales strategies that help us to attract customers. Continual development of the unified sales strategy which enables selling across business sectors. Effective performance of sales team. |
| 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 work closely with our customers utilising performance metrics in order to identify issues early and trigger corrective actions.</p> |
| OPERATIONAL RISKS | |
| Risk | Mitigating Actions |
| 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"> Detailed implementation and delivery plans with strong management control and oversight. Use of experienced employees with strong project, change and people management skills in order to ensure successful implementation. |

| | |
|---|---|
| | <ul style="list-style-type: none"> Standardised procedures in use for the implementation and delivery of new contracts. |
| 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"> Consistently ensuring that our service levels are on target. Optimising our cost of delivery through standardisation and simplification. Investing internally in Group change programmes to improve our shared service centre and support services. Ongoing contract management. Building on existing customer relations. |
| 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"> We have an established structure for employee performance and development monitoring. A clear recruitment strategy and graduate recruitment and development programme attracts high-potential employees. Significant investment in leadership training programmes underpins our succession plans, and develops our employees. |
| FINANCIAL RISKS | |
| Risk | Mitigating Actions |
| 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 Indian Accounting Standards (Ind AS) 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.

B. RESULTS OF OPERATIONS

1. Review of Operations

During the financial year ended March 31, 2020, the consolidated revenue of your Company was Rs. 18,226 Lakhs against Rs. 18,410 Lakhs during the previous year ended March 31, 2019. Other income of the Company for the current year was Rs. 1,306 Lakhs against Rs. 1,455 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 March 31, 2020 | For the Financial year ended March 31, 2019 |
|--|---|---|
| Total Income | 19,494 | 19,865 |
| Total Expenditure | 13,565 | 14,185 |
| Profit before Interest, Depreciation and Tax | 6,073 | 5,728 |
| Depreciation & Amortization | 144 | 47 |
| Finance Costs | 13 | 1 |
| Profit / (Loss) before Tax | 5,929 | 5,680 |
| Income Tax (including deferred tax) | 459 | 1,009 |
| Net Profit / (Loss) after Tax | 5,470 | 4,671 |
| Other Comprehensive Income/(Expenditure) | 818 | 293 |
| Total Comprehensive Income/(Expenditure) | 6,288 | 4,964 |
| Earnings / (Loss) per share Rs. | 4.91 | 4.19 |

3. Geographic Profile

(INR. in lakhs)

| Geography | March 31, 2020 | | March 31, 2019 | |
|-------------------|----------------|-------------|----------------|-------------|
| | Revenue | % | Revenue | % |
| Europe | 1,345 | 7.38% | 1,790 | 9.72% |
| USA | 10,209 | 56.01% | 9,692 | 52.64% |
| India | 1,068 | 5.86% | 1,308 | 7.10% |
| Singapore | 5,163 | 28.33% | 5,212 | 28.31% |
| Rest of the World | 441 | 2.42% | 408 | 2.22% |
| Total | 18,226 | 100% | 18,410 | 100% |

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 2019-2020.

5. Key Financial Ratios

The table below summarizes the key financial ratios along with detailed explanations:

| S. No. | Particulars | Standalone | | | Reason for Variance |
|--------|-------------------------|------------|---------|----------|--|
| | | Mar' 20, | Mar' 19 | Variance | |
| 1 | Debtors Turnover | 5.24 | 5.85 | -0.61 | There is no significant change |
| 2 | Current Ratio | 4.57 | 3.33 | 1.24 | Change in ratio is mainly due to receipt of dividend income from wholly owned subsidiary, repayment of loan by fellow subsidiary, reclass of loan to fellow subsidiaries from non-current to current and reduction in current liabilities. |
| 3 | Operating Profit Margin | 25.20% | 23.64% | 1.56% | There is no significant change |
| 4 | Net Profit Margin | 53.14% | 31.65% | 21.48% | Variance is mainly due to reversal of earlier years income tax provision and receipt of dividend income from wholly owned subsidiary. |
| 5 | Return on Net Worth | 10.52% | 8.40% | 2.12% | Return on Net worth is higher mainly due to increased growth in profit for the period as compared to growth in average net worth. |

Note:

- (1) Interest Coverage ratio is not relevant for the Company as it has negligible debt during the financial year.
- (2) Debt Equity ratio is not relevant for the Company as it has nil debt as at March 31, 2020.
- (3) There is no inventory in the Company and hence Inventory Turnover ratio is not applicable.

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.

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 164 employees on its rolls as of March 31, 2020.

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 March 31, 2020 comprised of 6 (Six) Directors of which 4 (four) are Non – Executive Directors including two women directors. The Chairman is an Executive Director (Managing Director and CEO) as on March 31, 2020. The number of Independent Directors on the Board is 3 (three). 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 March 31, 2020 – other than Xchanging Solutions Limited ("**the Company**") is as under:

| Name of the Director | DIN | Category in the Company | Number of Directorships in other Public Companies ¹ | | | | Number of committee positions held in other public companies ² | | No. of equity shares held in XSL as on March 31, 2020 |
|----------------------------|----------|--|--|----------------------------|------------------------------------|----------|---|--------|---|
| | | | Listed | Name of the Listed Company | Category of Directorship | Unlisted | Chairman | Member | |
| Henry D'Souza | 00276157 | Non-Executive Independent Director | 0 | NA | NA | 0 | 0 | 0 | 0 |
| Venkatesh Shastry | 08277771 | Non-Executive Independent Director | 0 | NA | NA | 0 | 0 | 0 | 0 |
| Rama NS | 06720033 | Non-Executive Independent Director | 1 | Timken India Limited | Non-Executive Independent Director | 0 | 1 | 1 | 0 |
| Kalpna Tatavarti | 06644105 | Non-Executive Non-Independent Director | 0 | NA | NA | 0 | 0 | 0 | 0 |
| Chandrasekhara Rao Boddaju | 08185777 | Executive Director (Managing Director and CEO) | 0 | NA | NA | 0 | 0 | 0 | 0 |
| Shrenik Kumar Champalal | 08099410 | Executive Director (Whole Time Director and CFO) | 0 | NA | NA | 0 | 0 | 0 | 1 |

¹ Other directorships do not include directorships of private limited companies, foreign companies and companies under Section 8 of the Act.

² The information pertaining to the chairmanships/memberships of Committees of the Board held by the directors includes only Audit Committee and Stakeholders' Relationship Committee.

None of the Directors of the Company hold directorships in more than twenty (20) companies including in more than ten (10) public companies. In accordance with the Listing Regulations, none of the Directors of the Company hold directorships in more than eight (8) listed companies and independent directorships in more than seven (7) listed companies. The Managing Director of the Company does not hold directorship as an Independent Director in any other listed company. Also, none of the Directors is serving as a member of more than ten (10) committees or as the chairman of more than five (5) committees in accordance with the requirements of the Listing Regulations. None of the Directors are related to each other. Necessary disclosures regarding committee positions in other public companies as at the end of financial year have been made by the Directors.

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

The Board meetings are held at regular intervals to consider, discuss and approve inter alia, the unaudited and audited standalone and consolidated financial results of the Company, to decide on business policy/strategy of the Company, risk management, competitive scenario, etc. The Board/Committee meetings are pre-scheduled and tentative dates of such meetings are informed well in advance to facilitate the Directors to plan their schedule. The Company also provide an option to its Directors to participate at each of the Board/Committee meetings through video conference. The Company adheres to the Secretarial Standards on the Board Meetings as prescribed by the Institute of Company Secretaries of India.

During the financial year ended March 31, 2020, total 4 (four) Board Meetings were held on the following dates – May 23, 2019; August 13, 2019; November 13, 2019 and February 12, 2020. The gap between two meetings did not exceed 120 days. These meetings had good attendance. The last AGM of the Company held on August 13, 2019.

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 |
|----------------------------|------------------------|-----------------------------------|--------------------------|-----------------------|
| Henry D’Souza | Independent Director | 4 | Nil | Yes |
| Venkatesh Shastry | Independent Director | 3 | 1 | Yes |
| Rama NS | Independent Director | 4 | Nil | Yes |
| Kalpna Tatavarti | Non-Executive Director | 4 | Nil | Yes |
| Chandrasekhara Rao Boddaju | Executive Director | 4 | Nil | Yes |
| Shrenik Kumar Champalal | Executive Director | 4 | Nil | Yes |

C. Meetings of Independent Directors

During the financial ended March 31, 2020, a separate meeting of the Independent Directors of the Company was held on May 23, 2019 without the attendance of Non-Independent Directors and the Management team.

During their meeting held on May 23, 2019, the Independent Directors reviewed the performances of Non-Independent Directors, Chairman and the Board as whole and assessed the flow of information between the Company management and the Board.

D. Directors seeking Appointment/ Re-appointment

Independent Directors are not liable to retire by rotation. Pursuant to the provision of Section 152(6) of the Companies Act, 2013 Mrs. Kalpna Tatavarti, Non-Executive Director, being longest in the office, retire by rotation at the ensuing Annual General Meeting and being eligible offer herself for the reappointment.

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149 of the Act and applicable Regulations of Listing Regulations. Further, they have declared that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence. Further, in the opinion of the Board, all the Independent Directors of the Company, fulfil the conditions specified under the Act and the SEBI Listing Regulations, and are independent of the management.

All Directors have affirmed that they are not debarred from holding the office of a Director by virtue of any SEBI order or any other such Authority.

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.

E. Compliance Certification

As required under Regulation 17(8) read with Part B of Schedule II of the Listing Regulations, Mr. Chandrasekhara Rao Boddaju, Managing Director and Chief Executive Director and Mr. Shrenik Kumar Champalal, Whole Time Director and Chief Financial Officer of the Company have certified to the Board regarding the Financial Statements

for the financial year ended March 31, 2020. The Certificate is annexed to this Report as **Annexure- A**

F. 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 Board is satisfied with the board evaluation carried out for the year and there is no previous & current year’s observation and action.

The criteria of the 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.

G. 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>.

H. Matrix setting out the skills/expertise/competence of the Board of Directors

The Company’s Board comprises qualified members who bring in required skills, competence and expertise that allow them to make effective contribution to the Board and its Committees. The Directors are committed to ensure that the Company is in compliance with the Corporate Governance. In accordance with Regulation 34(3) read with Part C of Schedule V of SEBI Listing Regulations, below is the summary of core skills/expertise/ competencies identified by the Board of Directors as required in the context of its business(es) and sector(s) for it to function effectively and which are taken into consideration while nominating candidates to serve on the Board of the Company:

| Areas | Description |
|---------------------------------|---|
| Strategy and planning | Ability to think strategically and identify and critically assess strategic opportunities & threats and develop effective strategies in the context of the strategic objectives of the Company’s relevant policies and priorities. |
| Governance (including policy) | Develop appropriate policies & define the parameters. |
| Finance | Qualifications and experience in accounting and/or finance and the ability to: <ul style="list-style-type: none"> • Analyze key financial statements; • Critically assess financial viability and performance; • Contribute to strategic financial planning; |
| Commercial/Business Development | A broad range of commercial/business development in areas including communications, marketing, branding and business systems, practices and improvement. |
| Information Technology | Qualification and experience in IT industries. |

| Director | Areas of expertise | | | | |
|--|-----------------------|-------------------------------|---------|----------------------------------|------------------------|
| | Strategy and planning | Governance (including policy) | Finance | Commercial/ Business Development | Information Technology |
| Chandrasekhara Rao Boddaju MD & CEO | ✓ | ✓ | ✓ | ✓ | ✓ |
| Shrenik Kumar Champalal WTD & CFO | ✓ | ✓ | ✓ | ✓ | ✓ |
| Henry D’Souza Independent Director | ✓ | ✓ | ✓ | ✓ | ✓ |
| Venkatesh Shastry Independent Director | ✓ | ✓ | - | ✓ | ✓ |
| Rama NS Independent Director | ✓ | ✓ | ✓ | ✓ | ✓ |
| Kalpna Tatavarti Non-executive Director | ✓ | ✓ | - | ✓ | ✓ |

3. 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 November 7, 2014 and further revised on March 28, 2019 by way of resolution by circulation based on the recommendations made by the Nomination and Remuneration Committee. The Nomination and Remuneration Policy is available at <http://www.xchanging.com/investor-relations/xsl-content>.

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 year ended March 31, 2020

The Non-Executive Independent Directors are paid compensation in the following manner:

- Sitting Fees of INR 60,000/- for attending Board and INR 60,000/- for attending Committee Meeting.
- None of the Non-Executive Independent Directors have any pecuniary relationship with the Company.
- None of the Non-Executive Independent Directors holds any equity shares of the Company.
- None of the Non-Executive Independent Directors hold any convertible instruments in the Company.
- Payment of reimbursement of expenses incurred by Non-Executive Independent Directors for participation in the Board and other meetings of the Company.

The remuneration and sitting fee paid to the Non-executive directors during the financial year ended March 31, 2020 along with their respective shareholding in the Company are as under:

(INR in Lakhs)

| Directors | Sitting Fees paid for the Board and Committee Meetings held during the financial year ended March 31, 2020 | Commission for the financial year ended March 31, 2020, provided as payable in the accounts of the Company for the year under review | No. of Equity Shares held as on March 31, 2020 |
|-------------------|--|--|--|
| Henry D’Souza | 10.20 | Nil | Nil |
| Venkatesh Shastry | 7.80 | Nil | Nil |
| Rama NS | 10.20 | Nil | Nil |
| Kalpana Tatavarti | 7.20 | Nil | Nil |

C. Remuneration paid/payable to Executive Director (Whole-time Director/Managing Director) for the financial year ended March 31, 2020

Following Remuneration was paid to whole-time director/Managing Director during the financial year ended March 31, 2020. The said remuneration was fixed by the Nomination and Remuneration Committee and subsequently approved by the Board of Directors and Shareholders of the Company.

| Designation of Executive Director | (INR in Lakhs) | | | | | Contract Period | Shares held as on March 31, 2020 |
|-----------------------------------|----------------|------------|---------------------------------|-------------------------|-------|---|----------------------------------|
| | Salary | Commission | Company's contribution to Funds | Perquisites & Allowance | Total | | |
| Managing Director | - | - | - | - | - | For 3 years with effect from August 9, 2018 | - |
| Whole Time Director | 47.94 | - | - | - | 47.94 | For 3 years with effect from March 31, 2018 | 01 |

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

| Sl. No. | Name of the Director | Chandrasekhara Rao Boddaju, Managing Director | Shrenik Kumar Champalal, Whole Time Director |
|---------|--|--|--|
| (a) | Salary, benefits, bonuses, stock options, pension etc. | Salary not exceeding INR 36 lakhs per annum. Reimbursement of travel and out of pocket expenses incurred for business purpose of the Company. | Salary not exceeding INR 60 Lacs 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 36 lakhs per annum. Not entitled for any performance linked incentives. | Fixed Salary not exceeding INR 60 lakhs per annum. Not entitled for any performance linked incentives. |
| (c) | Service contracts, notice period, severance fees; | The appointment of Mr. Chandrasekhara Rao Boddaju as Managing Director is for period of 3 years with effect from August 9, 2018. | The appointment of Mr. Shrenik Kumar Champalal as Whole Time Director is for period of 3 years with effect from March 31, 2018. |
| (d) | Stock option details, their pricing at the time of issue, period over which accrued and period over which exercisable. | NA | NA |

4. 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.

5. COMMITTEES OF THE BOARD

A. Audit Committee

- 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.
- The role, duties and powers of the Audit Committee are as follows:

The role/term of references of the Audit Committee shall include the following:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommendation for appointment, remuneration and terms of appointment of auditors of the Company
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - Matters required to be included in the 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
 - Changes, if any, in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on the exercise of judgement by Management.
 - Significant adjustments made in the financial statements arising out of audit findings.
 - Compliance with listing and other legal requirements relating to financial statements.

- f) Disclosure of any related party transactions.
- g) Modified opinion(s) 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;
- 20. Reviewing the utilization of loans and/or advances from/ investment by the Company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary whichever is lower including existing loans/advances/ investments existing as on the date of coming into force of this provision;
- 21. Review the compliance with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 at least once in a financial year and shall verify that the systems for internal control are adequate and are operating effectively; and
- 22. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

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 exchanges in terms of Regulation 32(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
 - 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 the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

- a) To investigate any activity within its terms of reference.

- b) To seek information from any employee.
- c) To obtain outside legal or other professional advice.
- d) 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. Henry D'Souza
2. Venkatesh Shastry
3. Rama NS
4. Shrenik Kumar Champalal

Mr. Henry D'Souza is the Chairman of the Audit Committee.

Company Secretary acts as the Secretary of the Audit Committee.

During the financial year ended March 31, 2020, 4 (Four) meetings of the Audit Committee were held, the dates being May 23, 2019; August 13, 2019; November 13, 2019 and February 12, 2020.

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 |
|---------------------------------|----------|--------------------------|--------------------------|
| Henry D'Souza | Chairman | 4 | Nil |
| Venkatesh Shastry | Member | 3 | 1 |
| Rama NS | Member | 4 | Nil |
| Shrenik Kumar Champalal | Member | 4 | Nil |

The previous Annual General Meeting of the Company was held on August 13, 2019 and the Chairman of the Audit Committee was present at the Annual General Meeting of the Company. All recommendations of the Audit Committee were accepted by the Board.

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, terms of references 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 of Directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
 - b) formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors;
 - c) devising a policy on diversity of Board of Directors;
 - d) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board of Director their appointment and removal.
 - e) 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.
 - f) recommend to the Board, all remuneration, in whatever form, payable to senior management.
 - g) while formulating the policy under sub-section (3) of Section 178 of the Companies Act, 2013 ensure that—
 - (i) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;
 - (ii) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - (iii) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals;

The composition of the Nomination & Remuneration Committee is as follows: -

1. Venkatesh Shastry
2. Henry D'Souza
3. Rama NS
4. Kalpana Tatavarti

Mr. Venkatesh Shastry is the Chairman of the Nomination & Remuneration Committee.

Company Secretary acts as the Secretary of the Nomination & Remuneration Committee.

During the financial year ended March 31, 2020, 2 (two) meetings of the Nomination and Remuneration Committee were held, the dates being May 23, 2019 and November 13, 2019.

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 |
|---------------------------------|----------|--------------------------|--------------------------|
| Venkatesh Shastry | Chairman | 2 | Nil |
| Henry D'Souza | Member | 2 | Nil |
| Rama NS | Member | 2 | Nil |
| Kalpana Tatavarti | Member | 2 | Nil |

The previous Annual General Meeting of the Company was held on August 13, 2019 and the Chairman of the Nomination & Remuneration Committee was present at the Annual General Meeting of the Company. All recommendations of the Nomination & Remuneration Committee were accepted by the Board.

Performance evaluation criteria for Independent Directors

The Nomination and Remuneration policy of the Company lays down the criteria for Directors/Key Managerial Personnel appointment and remuneration including criteria for determining qualification, positive attributes, independence of Directors, criteria for performance evaluation of Executive and Non-Executive Directors (including Independent Directors) and other matters as prescribed under the provisions of the Act and the Listing Regulations as well as the performance evaluation criteria for Independent Directors is determined by the Nomination and Remuneration Committee. An indicative list of factors that may be evaluated including but not limited to participation and contribution by a director, commitment, effective deployment of knowledge and expertise, effective management of relationship with stakeholders, integrity and maintenance of confidentiality and independence of behaviour and judgment etc.

C. Stakeholder Relationship Committee

1. The Stakeholder 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.

The role/term of reference of the Stakeholders Relationship committee shall include the following:

1. Resolving the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
2. Review of measures taken for effective exercise of voting rights by shareholders.
3. Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.
4. Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.

The composition of the Stakeholders Relationship Committee is as follows:

1. Henry D'Souza
2. Venkatesh Shastry
3. Rama NS
4. Kalpana Tatavarti
5. Shrenik Kumar Champalal

Mr. Henry D'Souza is the Chairman of the Stakeholder Relationship Committee.

Company Secretary acts as the Secretary of the Stakeholder Relationship Committee.

During the financial year ended March 31, 2020, 4 (four) meetings of Stakeholders Relationship Committee were held, the dates being May 23, 2019; August 13, 2019; November 13, 2019 and February 12, 2020.

The attendance for the Stakeholders Relationship Committee meetings is as follows:

| Name of the Member of committee | Position | No. of Meetings Attended | Leave of Absence granted |
|---------------------------------|----------|--------------------------|--------------------------|
| Henry D'Souza | Chairman | 4 | Nil |
| Venkatesh Shastry | Member | 3 | 1 |
| Rama NS | Member | 4 | Nil |
| Kalpana Tatavarti | Member | 4 | Nil |
| Shrenik Kumar Champalal | Member | 4 | Nil |

During the financial year ended March 31, 2020, 2 (Two) complaints of the shareholders were received and resolved in a timely manner. There are no pending investor complaints as on March 31, 2020.

The previous Annual General Meeting of the Company was held on August 13, 2019 and the Chairman of the Stakeholder Relationship Committee was present at the Annual General Meeting of the Company. All recommendations of the Stakeholder Relationship Committee were accepted by the Board.

Name, designation and address of Compliance Officer

Ms. Aruna Mohandoss

Compliance Officer

Registered office: Kalyani Tech Park
Survey No 1, 6 & 24, Kundanhalli Village,
K R Puram Hobli, Bangalore – 560066

Tel: +91 804364000

E-mail: compliance@xchanging.com

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.

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 the 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 Corporate Social Responsibility Committee (CSR) is as follows:

1. Henry D'Souza
2. Rama NS
3. Venkatesh Shastry
4. Kalpana Tatavarti
5. Shrenik Kumar Champalal

Mr. Henry D'Souza is the Chairman of the Corporate Social Responsibility Committee.

Company Secretary acts as the Secretary of the Corporate Social Responsibility Committee.

During the financial year ended March 31, 2020, 2 (two) meetings of the CSR Committee were held; the dates being May 23, 2019 and February 12, 2020.

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 |
|---------------------------------|----------|--------------------------|--------------------------|
| Henry D'Souza | Chairman | 2 | Nil |
| Venkatesh Shastry | Member | 1 | 1 |
| Rama NS | Member | 2 | Nil |
| Kalpana Tatavarti | Member | 2 | Nil |
| Shrenik Kumar Champalal | Member | 2 | Nil |

6. 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 |
|--------------------|-------|---|--|--|
| August 13, 2019 | 10 AM | Kalyani Tech Park-Survey No 1, 6 & 24, Kundanhalli Village, K R Puram Hobli, Bangalore - 560066 | <ol style="list-style-type: none"> Approval for re-appointment of Mr. Henry D'Souza as an Independent Director of the Company. Approval for appointment of Mr. Venkatesh Venkatasubba Ramanandashastry Shastry ("Venkatesh Shastry") as an Independent Director of the Company Approval for appointment of Mrs. Nonavinakeri Srinivasaiyengar Rama ("Rama NS") as an Independent Director of the Company | <ol style="list-style-type: none"> Henry D'Souza Venkatesh Shastry Rama NS Kalpana Tataavarti Chandrasekhara Rao Boddaju Shrenik Kumar Champalal |
| September 26, 2018 | 10 AM | SJR I-Park, Plot No. 13, 14, 15, EPIP Industrial Area, Phase I Whitefield, Bangalore – 560 066 | <ol style="list-style-type: none"> Approval for appointment & remuneration of Mr. Shrenik Kumar Champalal as Whole Time Director of the Company. Approval for appointment & remuneration of Mr. Chandrasekhara Rao Boddaju as Managing Director of the Company. Approval for appointment & remuneration of Mr. Ramaswamy Sankaranarayanan Kavalapara as Managing Director (Interim) of the Company. Determine the fees for delivery of any document through a particular mode of delivery to a member. | <ol style="list-style-type: none"> Ashok Kumar Ramanathan Henry D'Souza Kalpana Tataavarti Chandrasekhara Rao Boddaju Shrenik Kumar Champalal |
| September 13, 2017 | 10 AM | SJR I-Park, Plot No. 13, 14, 15, EPIP Industrial Area, Phase I Whitefield, Bangalore – 560 066 | <ol style="list-style-type: none"> Approval for appointment of Mr. Srikrishna Madhavan as Managing Director of the Company for a period of 3 (three) years. | <ol style="list-style-type: none"> Ashok Kumar Ramanathan Henry D'Souza Srikrishna Madhavan Rekha Murthy |

B. Extraordinary General Meeting & Postal Ballot

No Extraordinary General Meeting or postal ballot was conducted during the financial year ended March 31, 2020.

7. DISCLOSURES:

- 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>
- 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 have adopted the Code of Practices and Procedures for Fair Disclosure of Price-Sensitive Information in concurrence with the requirement under SEBI (Prohibition of Insider Trading) Regulations, 2015 and SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2019; and Revised Code of Conduct for Prevention of Insider Trading. The aforesaid code is available at <http://www.xchanging.com/investor-relations/xsl-content>.

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: BSE Limited and National Stock Exchange of India Limited had levied fine of Rs.5,000/- each for one (1) day delay in filing of the financial results for the quarter ended September 30, 2018. Company had paid said fine.

v. In terms of the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, your Company has adopted a 'Code of Conduct to regulate, monitor and report trading by designated persons in listed or proposed to be listed securities' of your Company ("the Code"). The Code aims at preserving and preventing misuse of unpublished price sensitive information. All Designated Persons (including Directors, Key Managerial Personnel and employees) of your Company are covered under the Code, which provides inter alia for periodical disclosures and obtaining pre-clearances for trading in securities of your Company. The Code is also available at the website of the Company at <http://www.xchanging.com/investor-relations/xsl-content>.

vi. The Company has received few routine explanations/letters from the stock exchanges and replied accordingly within prescribed time.

vii. 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'. No employee/ personnel have been denied access to the Audit Committee. The Vigil Mechanism / Whistle Blower Policy is available on the website of the Company at <http://www.xchanging.com/investor-relations/xsl-content>.

viii. The Company has not raised funds through preferential allotment or qualified institutions placement during the last year.

ix. The Company has not adopted a treatment different from that prescribed in accounting standards.

x. Company has taken certificate from a Company Secretary in Practice that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority. The same certificate is provided in Director's report forming part of Annual Report.

xi. There are no pecuniary relationships or transactions between Non-Executive Directors and the Company. The Independent Directors are not paid any remuneration other than the sitting fee for attending meetings of the Board and the Committees thereof as approved by the Board.

xii. 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.

The Board has taken cognizance of the discretionary requirements as specified in Part E of Schedule II of Regulation 27(1) of the SEBI Listing Regulations and are being reviewed from time to time which are as follows:

a. Audit Qualifications: During the year under review, there is no audit qualification in your Company's Financial Statements nor has there been a matter of emphasis made during the year. Your Company continues to adopt best practices to ensure a regime of financial statements with unmodified audit opinion.

b. The Board and separate posts of the Chairperson and the Chief Executive Officer: During the year under review, the Managing Director & Chief Executive Officer of the Company has been appointed as the designated Chairperson of the Board.

c. Reporting of Internal Auditor: The internal control systems of the Company are routinely tested and verified by Internal Auditors and significant audit observations and follow-up actions are reported to the Audit Committee.

d. Shareholder's Right: The quarterly results of the Company are published in English newspaper (generally Financial Express) and a local daily (generally Sanjevani) having wide circulation in Bangalore. Further, the quarterly and half yearly results are also posted on the website of the Company at <http://www.xchanging.com/investor-relations/xsl-content>.

xiii. The Board of Directors have accepted all recommendations of its committees.

xiv. The disclosure of total fees for all services paid by the Company and its subsidiary(ies), on a consolidated basis, to the Statutory Auditor, are provided in notes to the Consolidated Financial Statements, forming part of the Annual Report.

xv. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 are provided in Director's Report forming part of the Annual Report.

- xvi. The Company has complied with corporate governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of Listing Regulations
- xvii. The Company does not deal in commodity and hence the disclosure pursuant to SEBI Circular dated November 15, 2018 is not required to be given.
- xviii. Disclosure with respect to demat suspense account / unclaimed suspense account-Not Applicable

8. MEANS OF COMMUNICATION:

The quarterly, half yearly 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.

The Company has designated an email id exclusively for its shareholders viz., compliance@xchanging.com for the purpose of registering complaints by investors.

9. GENERAL SHAREHOLDERS' INFORMATION:

1. Annual General Meeting

- Date and Time : Wednesday, September 23, 2020 and 10:00 A.M. IST
- Venue* : Kalyani Tech Park. - Survey No 1, 6 & 24, Kundanhalli Village, K R Puram Hobli, Bangalore - 560 066

**Since the Company is conducting 19th AGM through VC / OAVM pursuant to the MCA General Circulars numbers 14/2020, 17/2020 & 20/2020 and Circular number SEBI/HO/CFD/CMD1/CIR/P/2020/79 issued by the Securities and Exchange Board of India on May 5, 2020 and, therefore, as such there is no requirement to have a venue for the AGM. For details please refer to the Notice of 19th AGM. Accordingly, the deemed venue of AGM shall be Registered Office of the Company.*

2. Financial Calendar

The financial calendar of the Company is reproduced below:

| | |
|---|--------------------|
| Annual General Meeting | September 23, 2020 |
| Results for quarter ending June 30, 2020 | August 2020 |
| Results for quarter ending September 30, 2020 | November 2020 |
| Results for quarter ending December 31, 2020 | February 2021 |
| Results for year ending March 31, 2021 | May 2021 |

- 3. **Book closure** : September 17, 2020 to September 23, 2020 (both days inclusive)
- 4. **Cut-off Date** : September 16, 2020
- 5. **Dividend payment date** : NA, since the Company has not declared any dividend

6. 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 2020-2021, has been paid to the above Stock Exchanges.

The annual custodial fee of CDSL for the year 2020-2021 will be paid within prescribed time and invoice from NSDL is yet to be received.

Scrip Code:

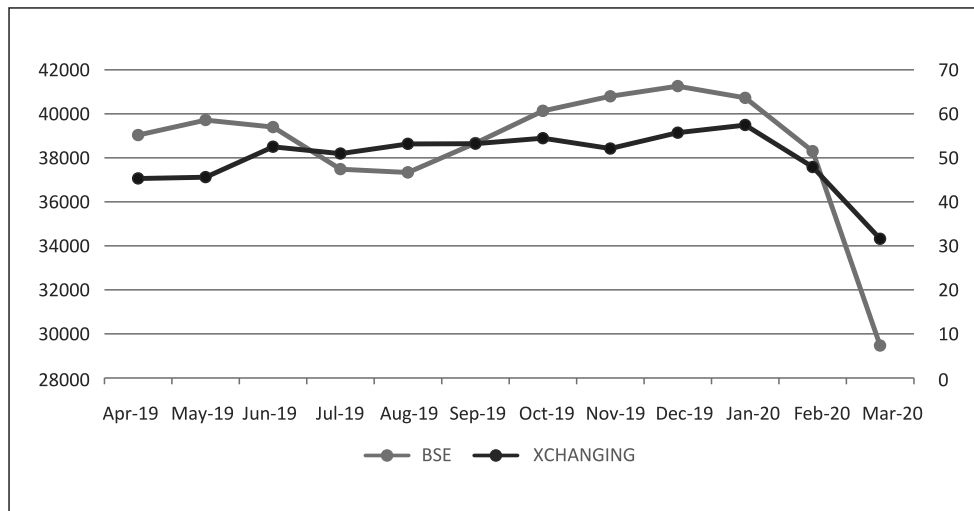
- NSE : XCHANGING
- BSE : 532616

7. Market Price Data

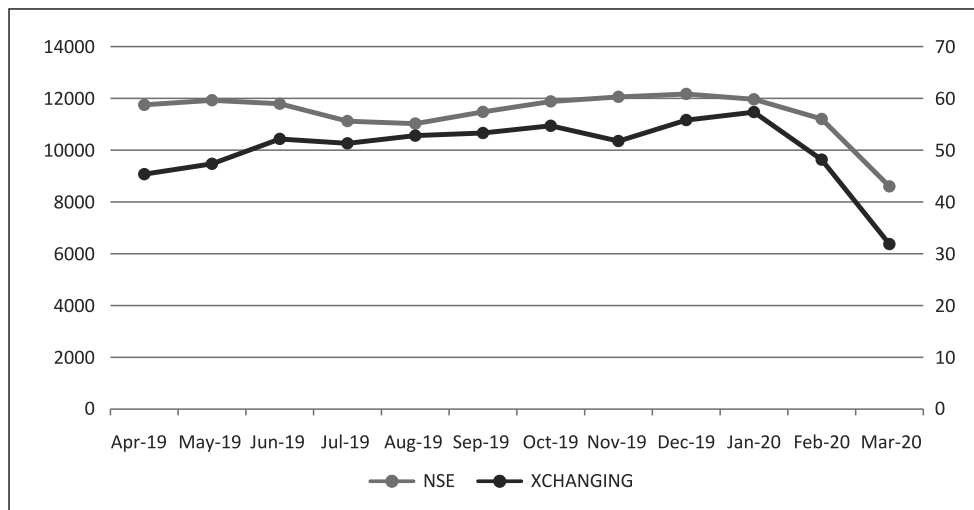
The monthly high and low share prices on both the exchanges for a period starting from April 2019 to March 2020 are as below:

| 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.) |
| April 2019 | 48.35 | 43.55 | 45.35 | 48 | 43 | 45.3 |
| May 2019 | 49.5 | 42.6 | 47.35 | 53.45 | 42.7 | 45.6 |
| June 2019 | 56.4 | 45.05 | 52.15 | 55.75 | 43 | 52.5 |
| July 2019 | 54.75 | 47 | 51.3 | 64 | 47.3 | 50.95 |
| August 2019 | 55 | 44.4 | 52.8 | 54.5 | 45.9 | 53.15 |
| September 2019 | 58.6 | 51.1 | 53.3 | 56.15 | 48 | 53.2 |
| October 2019 | 57.95 | 51.3 | 54.7 | 56.45 | 50.35 | 54.45 |
| November 2019 | 58.6 | 50.3 | 51.75 | 58.45 | 51 | 52.1 |
| December 2019 | 60.2 | 50.65 | 55.8 | 60.25 | 51.5 | 55.7 |
| January 2020 | 64.9 | 51.9 | 57.35 | 65 | 53.25 | 57.45 |
| February 2020 | 58.65 | 47.65 | 48.15 | 58.85 | 47.65 | 47.9 |
| March 2020 | 50 | 24.9 | 31.85 | 49 | 25 | 31.6 |

8. Performance of Share Price in Comparison to BSE SENSEX



9. Performance of Share Price in Comparison to NSE NIFTY



10. Registrars and Transfer Agent: KFin Technologies Private Limited
Selenium Tower B, Plot 31-32, Gachibowli,
Financial District, Nanakramguda, Hyderabad – 500 032.
Phone : +91 40 6716 2222
Fax +91 40 2300 1153
Email: einward.ris@kfintech.com
Website: www.kfintech.com

11. Share Transfer System:

Transfer of shares in physical form is processed by the Company’s Registrar and Transfer Agents (RTA) within fifteen days from the date of lodgement, provided the documents therefor are complete in all respects. All requests for transfer/transmission in physical form after they are processed by the RTA are submitted to the Company for approval. As per Regulation 40 of the Listing Regulations, securities of listed companies can be transferred only in dematerialised form w.e.f. April 1, 2019. Shareholders have been intimated that effective April 01, 2019; transfer of shares shall not be processed unless the shares are held in the dematerialized form with the depository. Periodic reminders were sent to the Shareholders, who held the shares in the physical form, to convert them in dematerialised mode to avoid any inconvenience in future regarding the transferability of the shares. Shareholders who wish to understand the procedure for dematerialisation of shares may contact the Company or its RTA or visit the following link:

NSDL website: <https://nsdl.co.in/faqs/faq.php>

CDSL website: <https://www.cdslindia.com/investors/open-demat.aspx>

12. Shareholding Pattern

a. Categories of Shareholding as on March 31, 2020

| Category | No. of Shares held | % of shareholding |
|---|--------------------|-------------------|
| Promoters | 83,552,787 | 75.00 |
| Banks, FIs, Insurance Companies, Mutual Funds | 410,955 | 0.37 |
| FIIIs | - | - |
| Corporate Bodies | 8,889,654 | 7.98 |
| Indian Public | 9,136,776 | 8.20 |
| NRIs/OCBs/Foreign National/Clearing member | 139,251 | 0.12 |
| Others | 9,274,293 | 8.32 |
| Grand Total | 111,403,716 | 100.00 |

b. Distribution of Shareholding as on March 31, 2020

| S. No. | No. of shares | No. of shareholders | % of total shareholders | No. of shares | % to equity |
|--------|------------------|---------------------|-------------------------|------------------|---------------|
| 1 | 1 - 5000 | 16290 | 97.67 | 3774542 | 3.39 |
| 2 | 5001 - 10000 | 172 | 1.03 | 1399605 | 1.26 |
| 3 | 10001 - 20000 | 110 | 0.66 | 1647575 | 1.48 |
| 4 | 20001 - 30000 | 39 | 0.23 | 977719 | 0.88 |
| 5 | 30001 - 40000 | 18 | 0.11 | 661416 | 0.59 |
| 6 | 40001 - 50000 | 9 | 0.05 | 417933 | 0.38 |
| 7 | 50001 - 100000 | 14 | 0.08 | 1083745 | 0.97 |
| 8 | 100001 and above | 26 | 0.16 | 101441181 | 91.06 |
| | TOTAL | 16678 | 100.00 | 111403716 | 100.00 |

13. 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 March 31, 2020, 111,303,606 shares representing 99.91% of the Company’s total shares were held in dematerialized form and the balance 100,110 shares representing 0.09% 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

14. Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity:

There are no outstanding GDRs/ADRs/Warrants.

15. Plant locations:

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

16. 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 of the Company | Registrars and Transfer Agent of the Company |
|---|---|
| Xchanging Solutions Limited Kalyani Tech Park - Survey No 1, 6 & 24, Kundanhalli Village, K R Puram Hobli, Bangalore – 560066, Karnataka, India. Phone +91 80 4364 0000 Email: compliance@xchanging.com | KFin Technologies Private Limited Selenium Tower B, Plot 31 - 32 Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032 Phone +91 40 6716 2222 Fax +91 40 2300 1153 Email: einward.ris@kfintech.com Website: www.kfintech.com |

17. No. of shares traded during the Financial Year ended March 31, 2020:

BSE: 13,27,171 Shares

NSE: 125,57,979 Shares

18. Credit Ratings :- Company is not required to take credit rating.

19. 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, Chandrasekhara Rao Boddaju, Managing Director & Chief Executive Officer and Shrenik Kumar Champalal, Whole Time Director & Chief Financial Officer hereby certify to the Board that;

- a. We have reviewed the financial statements and the cash flow statement for the financial year ended March 31, 2020 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) There are no significant changes in the internal control over financial reporting during the financial year ended March 31, 2020;
 - (ii) There are no significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) There have been no 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.

Chandrasekhara Rao Boddaju,
Managing Director & Chief Executive Officer

Shrenik Kumar Champalal
Whole Time Director & Chief Financial Officer

Place : Bangalore
Date : May 22, 2020

CERTIFICATE ON CORPORATE GOVERNANCE REPORT

To,
The Members
Xchanging Solutions Limited
Bangalore

We have examined the compliance of conditions of Corporate Governance by **Xchanging Solutions Limited** ("the Company"), for the financial year ended March 31, 2020 as stipulated under Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and Para C, D and E of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated under Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and Para C, D and E of Schedule V to the Listing Regulations.

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

Ankush Agarwal & Associates
Company Secretaries

Ankush Agarwal
Proprietor
Membership No: F 9719
Certificate of Practice No: 14486
UDIN: F009719B000263500

Place: Noida
Date: May 21, 2020

BUSINESS RESPONSIBILITY REPORT

In accordance with the Regulation 34(2)(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Business Responsibility Report of Xchanging Solutions Limited (“the Company”/“XSL”) for the financial year 2019-20 is presented below.

The Company’s Business Responsibility Report (BRR) is in line with principles of National Voluntary Guidelines (NVGs) on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs.

The Company’s policy framework includes various codes and policies such as Employees’ Code of Conduct, Corporate Social Responsibility Policy, Whistle Blower Policy, Code for Fair Practices and Procedures for disclosure of Unpublished Price Sensitive Information etc., which are framed to enable the Company to comply with the statutory and regulatory requirements and ensure that its operations are conducted in an ethical, transparent and accountable manner. The disclosures presented in this Report cover the operations of the Company. The Business Responsibility Report of the Company is also available on its website at <http://www.xchanging.com/investor-relations/xsl-content>.

SECTION A:

GENERAL INFORMATION ABOUT THE COMPANY

| | | |
|------|--|---|
| 1. | Corporate Identity Number (CIN) of the Company | L72200KA2002PLC030072 |
| 2. | Name of the Company | Xchanging Solutions Limited (“the Company”) |
| 3. | Registered and Corporate office address | Kalyani Tech Park, Survey No. 1, 6 & 24, Kundanhalli Village, K R Puram, Hobli, Bangalore, Karnataka - 560 066 |
| 4. | Website | http://www.xchanging.com/investor-relations/xsl-content |
| 5. | E-mail id | compliance@xchanging.com |
| 6. | Financial Year Reported | April 1, 2019 to March 31, 2020 |
| 7. | Sector(s) that the Company is engaged in (industrial activity code-wise) | Computer programming activities - NIC Code: 6201 |
| 8. | List of key products/services that the Company provides | IT Software, IT Hardware & ITES |
| 9. | Total number of locations where business activity is undertaken by the Company | 2 overseas + 2 India locations |
| (I) | Number of International Locations | 2 |
| (II) | Number of National Locations | As at March 31, 2020, the Company has 2 Offices in India. |
| 10. | Markets served by the Company | India, USA and Singapore |

SECTION B:

FINANCIAL DETAILS OF THE COMPANY

| | | |
|----|---|---|
| 1. | Paid-up Capital | Rs. 111,40,37,160/- (as on March 31, 2020) |
| 2. | Total Turnover | Rs. 5,838/- Lakhs (as on March 31, 2020) |
| 3. | Total Profit after Taxes | Rs. 2,269/- Lakhs (as on March 31, 2020) |
| 4. | Total spending on Corporate Social Responsibility (CSR) as a percentage of Profit after Tax | 2% of average net profit of the Company made during the three immediately preceding financial years. Refer Annexure V to the Boards’ Report in the Annual Report. |
| 5. | List of activities in which expenditure in Sr. No. 4 above has been incurred | CSR Activities in the financial year 2019-20 were in the area of education. After school education was provided for community children of Bengaluru. Refer Annexure V to the Boards’ Report in the Annual Report. |

SECTION C:

OTHER DETAILS OF THE COMPANY

| | | |
|----|---|---|
| 1. | Does the Company have any Subsidiary Company/ Companies? | Yes, the Company has 3 (three) direct subsidiaries and 2 (Two) step down subsidiaries for the financial year ended March 31, 2020 |
| 2. | Do the subsidiary company/companies participate in the Business Responsibility (BR) initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s). | As the BR initiatives of the Company are run at global level, all subsidiaries participate in the BR initiatives. |
| 3. | Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/ entities? [Less than 30%, 30-60%, More than 60%] | No |

SECTION D:

BUSINESS RESPONSIBILITY INFORMATION

1. Details of Director/Directors responsible for Business Responsibility

- a. Details of the Director responsible for implementation of the Business Responsibility Policy:

The CSR Committee of the Board of Directors is responsible for implementation of BR policies. The members of the CSR Committee are as follows:

| S. No. | Name of the Director | DIN Number | Designation |
|--------|-----------------------------|------------|---------------------------|
| 1 | Mr. Henry D'Souza | 00276157 | Independent Director |
| 2 | Mr. Venkatesh Shastry | 08277771 | Independent Director |
| 3 | Mrs. Rama NS | 06720033 | Independent Director |
| 4 | Mrs. Kalpana Tatavarti | 06644105 | Non-Executive Director |
| 5 | Mr. Shrenik Kumar Champalal | 08099410 | Whole Time Director & CFO |

- b. Details of the Business Responsibility Head:

| | | |
|----|---------------------|--------------------------|
| 1. | DIN (if applicable) | NA |
| 2. | Name | Mr. Lokendra Kumar Sethi |
| 3. | Designation | Head HR – India |
| 4. | Email | Lokendra.Sethi@dxc.com |

2. Principle-wise as per National Voluntary Guidelines (NVGs) Business Responsibility Policies:

NINE PRINCIPLES OF THE NVGS:

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These briefly are as follows:

| | |
|--------------------|---|
| Principle 1 | Businesses should conduct and govern themselves with Ethics, Transparency and Accountability. |
| Principle 2 | Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle. |
| Principle 3 | Businesses should promote the well-being of all employees. |
| Principle 4 | Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized. |
| Principle 5 | Businesses should respect and promote human rights. |
| Principle 6 | Businesses should respect, protect and make efforts to restore the environment. |
| Principle 7 | Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner. |
| Principle 8 | Businesses should support inclusive growth and equitable development. |
| Principle 9 | Businesses should engage with and provide value to their customers and consumers in a responsible manner. |

Business Responsibility Report

The principle wise responses are given below:

| Sl. No | Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|--------|--|---|--|-----------------------------------|---------------------------------|-----------------------|----------------------------------|------------------------|---|-------------------------|
| | | Ethics Transparency & Accountability | Business Lifecycle Sustainability | Wellbeing of all employees | Stakeholder's Engagement | Human Rights | Protection of Environment | Public Advocacy | Inclusive Growth and equitable development | Customers' Value |
| 1 | Is there a policy for | Y | Y | Y | Y | Y | Y | N | Y | Y |
| 2 | Has the policy been formulated in consultation with the relevant stakeholders? | Y (Refer Note a) | Y (Refer Note a) | Y (Refer Note a) | Y (Refer Note a) | Y (Refer Note a) | Y (Refer Note a) | - - | Y (Refer Note a) | Y (Refer Note a) |
| 3 | Does the policy conform to any national/ international standards? If yes, specify? | Y (Refer Note a) | Y (Refer Note a) | Y (Refer Note a) | Y (Refer Note a) | Y (Refer Note a) | Y (Refer Note a) | - - | Y (Refer Note a) | Y (Refer Note a) |
| 4 | Has the policy been approved by the Board? If yes, has it been signed by MD/ owner/CEO/ appropriate Board Director? | Y | Y | Y | Y | Y | Y | - | Y | Y |
| 5 | Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy? | Y | Y | Y | Y | Y | Y | - | Y | Y |
| 6 | Indicate the link for the policy to be viewed online | Y (Refer Note b) | Y (Refer Note b) | - (Refer Note c) | Y (Refer Note b) | - (Refer Note c) | - (Refer Note c) | - - | Y (Refer Note b) | - (Refer Note c) |
| 7 | Has the policy been formally communicated to all the relevant internal and external stakeholders? | Y | Y | Y | Y | Y | Y | - | Y | Y |
| 8 | Does the Company have an in-house structure to implement the policy? | Y | Y | Y | Y | Y | Y | - | Y | Y |
| 9 | Does the Company have a grievance redressal mechanism to address stakeholders' grievances related to the policy? | Y | Y | Y | - | Y | - | - | Y | Y |
| 10 | Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency? | Y (Refer Note 'd') | Y (Refer Note 'd') | Y (Refer Note 'd') | Y (Refer Note 'd') | Y (Refer Note 'd') | Y (Refer Note 'd') | - - | Y (Refer Note 'd') | Y (Refer Note 'd') |

| # Principle-wise Policies | | |
|---------------------------|--|---|
| P1 | Ethics, Transparency & Accountability | The Company's Policy on Code of Conduct for Board Members, Senior Management Personnel and Employees of the Company, Whistle Blower Policy, Code of Conduct for Prevention of Insider Trading, Policy on Sexual Harassment elucidate ethical behaviour, transparency and accountability. |
| P2 | Business Lifecycle Sustainability | The Company promotes a culture where all efforts are directed towards providing good quality and safe products to all our customers. |
| P3 | Well-being of all Employees | The Company has various policies to support employee well-being. The important ones include the Policy for prevention of sexual harassment, leave policy, health insurance policy, term insurance policy, policy on maternity benefits for female employees, policy for ensuring safety of women at workplace, policy on training and education of employees. |
| P4 | Stakeholder's Engagement | The Company's CSR Policy, Shareholders Grievance Redressal mechanism guide this principle. |
| P5 | Human Rights | The Company's Policy on Code of Conduct, Whistle Blower mechanism and Policy on Sexual Harassment encourage a work place environment which is free from any kind of human rights violations. |
| P6 | Protection of Environment | The employees of the Company are sensitized to prevent wasteful usage of natural resources and conserve energy. |
| P7 | Public Advocacy | While the Company may share its expertise to help in the formulation of public policy, it does not directly engage in lobbying or advocacy activities and hence, does not have a specific policy for this purpose. |

| | | |
|----|---|---|
| P8 | Inclusive Growth and Equitable Development | The CSR Policy which is focussed on the marginalized and vulnerable section of the society including offering scholarship and financial assistance to meritorious students from underprivileged communities/ disabled, to provide MP3 Player for visually challenged students, developing, augmenting and supporting infrastructure in educational institutions, providing mid-day meals to students of government schools etc. |
| P9 | Customer's Value | The Code of Conduct, Shareholders Grievance Redressal Mechanism, Whistle Blower Policy etc. which have been laid down shall provide a facility to its customers, shareholders and others to record their grievances/ feedback. |

Notes:

- The policies have been formulated in accordance with the applicable laws and regulations and through appropriate consultation with relevant stakeholders and after considering the best practices adopted by the industry.
- May include a combination of internal policies of the Company which are accessible to all internal stakeholders and the policies are placed on the Company's website. The hyperlink is <http://www.xchanging.com/investor-relations/xsl-content>
- The policies of the Company are internal documents and are not accessible to the public. The hyperlink is <https://dxc.policytech.com>
- The policies are internally evaluated by various department heads, business heads and the management.

3. Governance related to Business Responsibility:

- Indicate the frequency with which the Board of Directors, Committee of the Board assesses the BR performance of the Company. Within 3 months, 3-6 months, annually, more than 1 year**

The executive directors and senior management of the Company monitor various aspects of social, environmental, governance and economic responsibilities of the Company on a regular basis.

This is first time that BRR is applicable to the Company and first review was done at the Board Meeting held on 22nd May, 2020. Going forward it will be annually reviewed by the Board and be reviewed twice by the CSR committee in a year.

- Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently is it published?**

The Company has prepared its first Business Responsibility Report (BRR). The BRR forms part of the Annual Report 2019-20 and is available on the Company's website. The hyperlink is: <http://www.xchanging.com/investor-relations/xsl-content>

SECTION E: PRINCIPLE-WISE PERFORMANCE

PRINCIPLE 1: BUSINESSES SHOULD CONDUCT AND GOVERN THEMSELVES WITH ETHICS, TRANSPARENCY AND ACCOUNTABILITY

- Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/No. Does it extend to the group/ joint ventures/suppliers/contractors/NGOs/others?**

Yes. XSL considers ethical practices as an integral part of good management and is committed to act professionally, fairly and with integrity in all its dealings. The Company has a Policy on Code of Conduct for Board Members, Senior Management Personnel and Employees of the Company, Whistle Blower Policy, Code of Conduct for Prevention of Insider Trading, Policy on Sexual Harassment which governs the conduct of the employees as well as Directors of the Company.

The Whistle Blower Policy specifically covers issues related to ethics, bribery and corruption which has helped it not only gain the tremendous confidence and trust of its stakeholders but also market leadership. The said policy is available on the website of the Company at <http://www.xchanging.com/investor-relations/xsl-content>.

XSL ensures compliance of ethical standards not only by its employees but also by its vendors, contractors etc. through appropriate clauses in the work contract signed with them.

- How many stakeholder complaints have been received in the past nancial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof.**

Details of the stakeholder complaints received during the financial year 2019-20 and pending as on March 31, 2020 are as under

| Sl. No. | Nature of Complaints | No. of complaints received during the Year | No. of complaints resolved | % of complaints resolved |
|---------|---|--|----------------------------|--------------------------|
| 1 | Complaints/ queries received from customers | 0 | 0 | NA |
| 2 | Investor complaints | 2 | 2 | 100 |

During financial year 2019-20, no ethics concerns were received from any of the stakeholders.

PRINCIPLE 2: BUSINESSES SHOULD PROVIDE GOODS AND SERVICES THAT ARE SAFE AND CONTRIBUTE TO SUSTAINABILITY THROUGHOUT THEIR LIFE CYCLE.

1. List upto 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities

XSL is associated with the Computer programming activities and is not engaged in the business concerning design of products / services that could raise social concerns, economic risks and/or hazardous opportunities. Hence, the said principle may not be strictly applicable to XSL. However, XSL through its Business Policy is contributing positively to the socio-economic development.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

- Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?**
- Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

The Company's focus is to maintain the highest standards of safety and sustainability in its services offered in alignment to Company's goals.

On account of the nature of the services provided, the major resource consumed at the Company is paper. The Company contributes towards sustainable service delivery through paperless transaction. The Company has taken a paper recycling initiative in terms of re-usage of old print outs. The Company also monitor usage of paper consumption. The Company emphasizes on integrating sustainable practices within its value chain (suppliers and customers) through acceptance of payments through Digital/online mode which in turn reduces the paper usage. Vendors are paid through NEFT/RTGS mode.

3. Does the company have procedures in place for sustainable sourcing (including transportation)?

The primary resource consumption of the Company is paper. As mentioned above, the Company monitors usage of paper consumption. The Company emphasizes on integrating sustainable practices within its value chain (suppliers and customers) through acceptance of payments through Digital/online mode which in turn reduces the paper usage. Vendors are paid through NEFT/RTGS mode.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

The Company has its presence all over India and has a practice of purchasing goods and services required for its operations from local suppliers. The Company is progressing more towards digital transactions.

5. Does the company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%).

Yes. The Company's main waste products comprises of paper waste and electronic waste. The Company has taken a paper recycling initiative in terms of re-usage of old print outs. The Company also monitor usage of paper consumption. The Company has a mechanism for responsible disposal of electronic waste in accordance with applicable laws.

PRINCIPLE 3: BUSINESSES SHOULD PROMOTE THE WELL BEING OF ALL EMPLOYEES

| | | |
|---|--|---|
| 1 | Total Number of Permanent Employees | 164 |
| 2 | Number of Employees hired on Temporary/ Contractual/Casual Basis | NIL |
| 3 | Number of Permanent Women Employees | 30 |
| 4 | Permanent Employees with disabilities | NIL |
| 5 | Is there an Employee association that is recognized by management? | The Company does not have any employee association. |
| 6 | Percentage of permanent employees that are members of this recognised employee association | Not Applicable |

1. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

| Sl. No. | Category | No. of complaints filed during the financial year | No. of complaints pending as at the end of the financial year |
|---------|--|---|---|
| 1 | Child Labour/Forced Labour, Involuntary Labour | Nil | Nil |
| 2 | Sexual Harassment | Nil | Nil |
| 3 | Discriminatory Employment Practices | Nil | Nil |

2. What percentage of your under mentioned employees were given safety and skill up-gradation training in the last year?

XSL has always believed that its employees are its most valued resource and hence, has always ensured their all-round development through regular training & leadership programs. The Company has given access to all the employees to the DXC Group university which provides various kind of development and leadership program to the employee.

Given below are the details of training imparted during the year:

| | | |
|---|---|----|
| 1 | Permanent employees to whom training has been imparted | 22 |
| 2 | Total training man days per employee | 28 |
| 3 | Permanent women employees to whom training has been imparted | 4 |
| 4 | Casual/Temporary/Contractual Employees to whom training has been imparted | NA |
| 5 | Employees with Disabilities to whom training has been imparted | NA |

For XSL, safety of its employees is of paramount importance and as a good corporate citizen; it is committed to ensuring safety of all its employees at the workplace. Periodic communication and alerts are sent out to employees and awareness sessions are conducted on safety related aspects. Employees including those at branches were given periodic training on basic and advanced fire safety including evacuation drills.

PRINCIPLE 4: BUSINESSES SHOULD RESPECT THE INTERESTS OF, AND BE RESPONSIVE TOWARDS ALL STAKEHOLDERS, ESPECIALLY THOSE WHO ARE DISADVANTAGED, VULNERABLE AND MARGINALISED

1. Has the Company mapped its internal and external stakeholders?

Yes

2. Out of the above, has the Company identified the disadvantaged, vulnerable and marginalised stakeholders?

Yes, XSL has identified the disadvantaged, vulnerable and marginalised stakeholders through community visits, household visits and socio-scientific needs assessments in under-resourced areas. The Company engages with these stakeholders through structured development initiatives, undertaken through its Corporate Social Responsibility (CSR) projects.

3. Are there any special initiatives taken by the company to engage with the disadvantaged, marginalised stakeholders?

XSL as a socially responsible organization, is committed to work for the welfare of the communities around us. The community engagement interventions of the group include:

- A. Education scholarship project for the lesser and underprivileged children
- B. Career Counselling
- C. Aftercare and awareness program for Shelter home children
- D. Govt. School transformation project for holistic development
- E. Slum adoption for holistic sustainable development
- F. Child Resource Center for underprivileged Children
- G. Skilling program for the differently-abled youths in BPO, retail and hospitality

The Company's CSR activities focus on the disadvantaged, vulnerable and marginalised segments of society particularly children, women and the differently abled.

PRINCIPLE 5: BUSINESS SHOULD RESPECT AND PROMOTE HUMAN RIGHTS

1. Does the policy of the Corporation on human rights cover only the company or extend to the group/joint ventures/suppliers/contractors/NGOs/others?

Respecting and understanding the Human Rights and addressing the potential human rights violation is important responsibility of any organisation. XSL has adopted several policies viz., Code of Conduct, Policy against Sexual Harassment, Whistle Blower Policy, etc., which ensures that there are no violation of human rights in its conduct.

XSL adheres to all statutes which embody the principles of human rights such as non-discrimination, prevention of child labour, prevention of sexual harassment etc. XSL is committed to a work environment in which all individuals are treated with fairness, respect and dignity. Persons not directly connected to the Company viz., an outside vendor, consultant, supplier or client are also expected to comply with principles of human rights in all respects.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

During the year under review, the Company did not receive any complaint in the nature of human rights violation from any stakeholder.

PRINCIPLE 6: BUSINESSES SHOULD RESPECT, PROTECT, AND MAKE EFFORTS TO RESTORE THE ENVIRONMENT

1. Does the policy relate to Principle 6 cover only the company or extends to the group/joint ventures/suppliers/contractors/NGOs/others?

The group has a dedicated Environmental Policy that serves as the guideline for developing initiatives for protecting and restoring environment. This policy is applicable across the Company and its subsidiaries for achieving excellence in environmental performance. This policy also applies to the suppliers, contractors and all other partners across the value chain for addressing the global environmental challenges.

In addition, the employees of the Company are sensitized to prevent wasteful usage of natural resources and conserve energy.

2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc?

Yes. The Company strives towards imbuing green sustainable products, processes, policies and practices. We promote cost efficient environment-friendly measures and build awareness and consciousness of our environment among employees. The Company tries to integrate sustainable measures in the day-to-day operations by reduction of paper usage, maintenance of data and records electronically, etc. Various measures are taken to reduce the consumption of electricity by installing energy efficient equipment in our office premises.

3. Does the company identify and assess potential environmental risks?

Yes

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof. Also, if Yes, whether any environmental compliance report is filed?

Not Applicable

5. Has the company undertaken any other initiatives on clean technology, energy efficiency, renewable energy, etc.?

XSL promotes ecological sustainability and green initiatives by use of energy efficient resources. The Company also promotes reducing the use of paper communication and encourages use of electronic means of communication which serves towards environmental protection and sustainable growth. XSL has adopted various measures as below:

- Sends various notices and documents, including Annual Report, to its shareholders through electronic mode to their registered e-mail addresses.
- Has requested shareholders to register their e-mail IDs to get Annual Reports and other communications through e-mail instead of opting in paper mode.
- Has provided video conference facilities at most of its offices, thereby facilitating participation in meetings via video conference and avoid commuting and travel. This helps save the fuel on transport as well as time on travel.
- Installation of AC controllers in air-conditioning machines in order to save energy and support the go-green initiative.
- Continue installing energy efficient servers, thereby causing reduction in carbon footprint.
- The Company has initiated installation of LED lights in new and upcoming branches wherever possible
- E-waste is disposed off in proper way.

The above actions of the Company will contribute towards saving environment by reduction in usage of resources.

6. Are the emissions/waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

Yes

7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

None

PRINCIPLE 7: BUSINESSES WHEN ENGAGED IN INFLUENCING PUBLIC AND REGULATORY POLICY, SHOULD DO SO IN A RESPONSIBLE MANNER

1. Is your company a member of any trade and chamber or association? If yes, name only those major ones that your business deals with:

DXC Group as a whole is a member of various industry bodies and trade associations such as NASSCOM, etc.

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy Security, Water, Food Security, Sustainable Business Principles, Others)**

No

PRINCIPLE 8: BUSINESSES SHOULD SUPPORT INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT.

1. **Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes, details thereof.**

Yes. XSL and the group undertakes several projects that are focused on social development. In Financial Year 2019-20, the Company promoted inclusive growth by focusing primarily on three social sector areas, namely:

Education

1. Career Counselling
2. Community Resource Center project for the underprivileged children
3. Education scholarship project for the lesser and underprivileged children
4. Aftercare and awareness program for the shelter home children
5. Govt. School transformation project for holistic development
6. Higher Education project for the disabled and the underprivileged students to continue their education
7. Networked learning centers technology based hub and spoke model

Skilling

1. Skilling program for the differently-abled youths in BPO, retail and hospitality.
2. Career development centers to train youth in IT/Non-IT industry
3. Skilling for women at Indore villages

People and wellness

1. Conducting blood donation camps
2. Mobile health units for gynecology checkup of women at rural
3. Mobile health units for general health checkup at rural
4. Slum adoption project for holistic sustainable development
5. Transitional shelter home support for marginalized families

Environment

1. Providing flood relief kit to the flood-affected families
2. Lake restoration project
3. Rain Water Harvesting and awareness program

2. **Are the programmes/ projects undertaken through in-house team/ own foundation/ external NGO/ government structures/ any other organisation?**

XSL has undertaken its social welfare activities for financial year 2019-20 through external NGO U&I Trust as a CSR initiative.

3. **Has the company done any impact assessment of its initiative?**

Yes. we have a CSR management committee which monitor and assess the impact of all the CSR spends

4. **What is the company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?**

In financial year 2019-20, XSL had a CSR Budget of Rs.20.70 Lacs and has spent the entire amount on After School education of community children in Bengaluru City.

For more details, please refer to Annexure V of Boards' Report in this Annual Report.

5. **Has the company taken steps to ensure that this community development initiative is successfully adopted by the community?**

Yes. Projects are designed based on the assessment of community needs. The Initiatives taken by XSL are regularly monitored through follow-up with the partnering organisations, site visits to monitor the programme, and progress reports for the activities undertaken by the project. Regular interaction with the partnering organisation and the community has helped in ensuring that best practices are adopted and also addressing any challenges for the successful implementation of such initiatives.

PRINCIPLE 9: BUSINESSES SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CUSTOMERS AND CONSUMERS IN A RESPONSIBLE MANNER

1. **What percentage of customer complaints/consumer cases are pending as at the end of the financial year?**
None
2. **Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./Remarks**
Not applicable
3. **Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year?**
None
4. **Did the company carry out any consumer survey/ consumer satisfaction trends?**
The Company has not carried out any formal consumer survey to map consumer satisfaction.

INDEPENDENT AUDITOR'S REPORT

To the Members of Xchanging Solutions Limited Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **Xchanging Solutions Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 3.1 (v) of the standalone financial statements which describes the management assessment of the impact of the outbreak of Covid-19 on revenue, trade receivables including unbilled receivables and investments. The management believes that no adjustment is required in the financial statement as it does not impact the current financial year. However, in view of highly uncertain economic environment and its likely effect on future service revenue due to Covid-19, a definitive assessment of the impact on the subsequent periods is dependent upon circumstances as they evolve. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

| Sr. No. | Key Audit Matter | Auditor's Response |
|---------|---|--|
| 1. | <p>Assessment of impairment on investment in subsidiary</p> <p>As described in Note 7 of the Standalone Financial statements, the carrying amount of investment in US subsidiary recorded is Rs. 11,224 lakhs. The Company recognized impairment loss of Rs. 6,045 lakhs as at March 31, 2020.</p> <p>The Company identifies whether an impairment indication occurs every year and performs impairment test over investment in subsidiary and compares the carrying amount with the greater of the calculated value-in-use and fair value used to determine whether it is impaired. In estimating the value-in-use, management's judgment is involved in determining the key assumptions such as sales growth rate, discount rate and terminal growth rate that have a significant impact on the estimated value-in-use. Considering significant degree of judgment in estimating value-in-use and likelihood of management bias, we identified assessment of impairment on investment in subsidiary as a key audit matter.</p> | <p>Principal Audit Procedures</p> <p>We performed the following procedures:</p> <ul style="list-style-type: none">• Evaluated the design of internal controls relating to development of key assumptions used in value in use model and tested operating effectiveness of these controls.• gaining an understanding of and assessing the impairment testing process implemented by Management.• verifying the appropriateness of the model used to calculate value in use as per discounted cash flow method.• analysing the consistency of cash flow forecasts with Management's latest estimates presented to the Board of Directors as part of the budget process.• comparing the cash flow forecasts for financial years 2021 to 2025 with the business plans used for prior year impairment testing.• assessing the methods used to calculate the discount rate applied to the estimated cash flows expected, as well as the terminal growth rate used to project the latest. We also involved our internal valuation specialist in evaluating management's assessment. |

Independent Auditor's Report

| Sr. No. | Key Audit Matter | Auditor's Response |
|---------|--|---|
| 2. | <p>Evaluation of uncertain tax positions</p> <p>The Company has material uncertain tax positions including matters under dispute which involves significant judgment due to existence of multiple uncertain tax positions leading to disputes / litigations and there are interpretation of various rules and law. It also involves consideration of on-going disputes and disclosures of related contingencies to determine the possible outcome of these disputes.</p> <p>Refer Notes 3.1 (ii) and 20 to the Standalone financial statements.</p> | <ul style="list-style-type: none"> prior year expected cash flows to infinity; comparing these rates with market data and external sources and recalculating the rates based on our own data sources. assessing sensitivity testing of value in use to a change in the main assumptions used by Management. <p>Principal Audit Procedures</p> <ul style="list-style-type: none"> Evaluated the design of internal controls relating to the uncertain tax positions and tested the operative effectiveness of these controls. Obtained details of completed tax assessments and demands for the year ended March 31, 2020 from the management. We involved our internal experts to challenge the management's underlying assumptions in estimating the tax provision and the possible outcome of the disputes. Our internal experts also considered the legal precedence and other rulings in evaluating management's position on these uncertain tax positions. Additionally, we considered the effect of new information in respect of uncertain tax positions as at April 1, 2019 to evaluate whether any change was required to management's position on these uncertainties. |

Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Boards' Report including Annexures to Board's Report, Management Discussion and Analysis Report and Corporate Governance Report including annexures thereon but does not include the standalone financial statements and our auditor's report thereon.
- Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

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

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

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

Auditor's Responsibility for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from

Independent Auditor's Report

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by 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 including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity 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 Ind AS specified under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.

Independent Auditor's Report

- 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 the requirements of Section 197(16) of the Act, as amended,

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

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 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 Company.
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's Registration No. 117366W/W-100018)

Bhavani Balasubramanian
(Partner)
(Membership No. 22156)
UDIN: 20022156AAAAAM1467

Chennai, May 22, 2020

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 March 31, 2020 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting 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 of the Company 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 the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's 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.

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

Independent Auditor's Report

were operating effectively as at March 31, 2020, based on the criteria for internal financial control over financial reporting 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's Registration No. 117366W/W-100018)

Bhavani Balasubramanian
(Partner)
(Membership No. 22156)
UDIN: 20022156AAAAAM1467

Chennai, May 22, 2020

ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' Section of our report of even date)

- (i) In respect of property, plant and equipment :
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
 - (b) The Company has a program of verification of property, plant and equipment to cover all the items in a phased manner over a period of 3 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, all property, plant and equipment were physically verified by the Management during the year. 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 land and building. In respect of immovable properties of building that have been taken on lease and disclosed as property, plant and equipment in the standalone financial statements, the lease agreements are in the name of the Company.
- (ii) The Company does not have any inventory and hence reporting under clause 3 (ii) of the Order 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 3 (iv) of the Order is not applicable.
- (v) The Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2020 and therefore, the provisions of the clause 3 (v) of the Order is not applicable.
- (vi) The maintenance of cost records has not been specified by the Central Government under Section 148(1) of the Companies Act, 2013 for the business activities carried out by the Company. Thus reporting under clause 3 (vi) of the Order is not applicable.
- (vii) According to the information and explanations given to us in respect of statutory dues:
- (a) The Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Goods and Services Tax, cess and other material statutory dues applicable to it with the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods and Services Tax, cess and other material statutory dues in arrears as at March 31, 2020 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 March 31, 2020 on account of disputes are given below:

| Nature of Statute | Nature of dues | Forum where dispute is pending | Period to which amount relates | Amount (Rs. In lakhs) |
|----------------------|----------------|--------------------------------|--------------------------------|-----------------------|
| Income tax Act, 1961 | Income Tax | Income Tax Appellate Tribunal | Financial year 2009-10 | 6 |
| | | | Financial year 2012-13 | 46(*) |
| | | | Financial year 2013-14 | 493 (**) |
| | | | Financial year 2014-15 | 606 |

(*) Net of Rs. 39 lakhs paid under protest

(**) Net of Rs. 123 lakhs paid under protest

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 banks. 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 3 (ix) of the 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 or no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (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 3 (xii) of the 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 standalone financial statements as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected to its directors 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-IA of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Bhavani Balasubramanian
(Partner)
(Membership No. 22156)
UDIN: 20022156AAAAAM1467

Chennai, May 22, 2020

BALANCE SHEET

XCHANGING SOLUTIONS LIMITED BALANCE SHEET AS AT MARCH 31, 2020

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

| | Note | As at Mar 31, 2020 | As at Mar 31, 2019 |
|--------------------------------------|------|-----------------------|-----------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 4 | 46 | 24 |
| Right of use assets | 5 | 176 | - |
| Other intangible assets | 6 | 3 | 5 |
| Financial assets | | | |
| Investments | 7 | 5,186 | 5,186 |
| Loans | 8 | 218 | 1,618 |
| Deferred tax assets (net) | 10 | 731 | 873 |
| Other non-current assets | 11 | 1,730 | 1,658 |
| Total non-current assets | | 8,090 | 9,364 |
| Current assets | | | |
| Financial assets | | | |
| Trade receivables | 12 | 815 | 890 |
| Cash and cash equivalents | 13 | 16,515 | 14,297 |
| Bank balances other than above | 14 | 17 | 135 |
| Loans | 8 | 1,400 | 250 |
| Other financial assets | 9 | 380 | 424 |
| Other current assets | 11 | 162 | 255 |
| Total current assets | | 19,289 | 16,251 |
| Total assets | | 27,379 | 25,615 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity share capital | 15 | 11,140 | 11,140 |
| Other equity | 16 | 11,571 | 9,299 |
| Total equity | | 22,711 | 20,439 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Financial liabilities | | | |
| Lease liabilities | 34 | 118 | - |
| Provisions | 17 | 333 | 303 |
| Total non-current liabilities | | 451 | 303 |

Balance sheet

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

| | Note | As at | As at |
|--|------|---------------|---------------|
| | | Mar 31, 2020 | Mar 31, 2019 |
| Current liabilities | | | |
| Financial liabilities | | | |
| Lease liabilities | 34 | 66 | - |
| Trade payables | | | |
| Total outstanding dues of micro enterprises and small enterprises | 18 | - | 1 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 18 | 604 | 832 |
| Other financial liabilities | 19 | 31 | 10 |
| Provisions | 17 | 90 | 77 |
| Current tax liabilities (net) | 20 | 3,267 | 3,647 |
| Other current liabilities | 21 | 159 | 306 |
| Total current liabilities | | 4,217 | 4,873 |
| Total liabilities | | 4,668 | 5,176 |
| Total equity and liabilities | | 27,379 | 25,615 |

See accompanying notes to the financial statements

In terms of our report attached.

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

For and on behalf of the Board of Directors

Bhavani Balasubramanian
Partner

Chandrasekhara Rao Boddaju
Managing Director and
Chief Executive Officer
DIN : 08185777

Shrenik Kumar Champalal
Whole Time Director and
Chief Financial Officer
DIN : 08099410

Place: Chennai
Date: May 22, 2020

Place: Hyderabad
Date: May 22, 2020

Place: Bengaluru
Date: May 22, 2020

Aruna Mohandoss
Company Secretary
Place: Chennai
Date: May 22, 2020

STATEMENT OF PROFIT AND LOSS

XCHANGING SOLUTIONS LIMITED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

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

| | Note | For the year ended | For the year ended |
|---|------|-----------------------|-----------------------|
| | | Mar 31, 2020 | Mar 31, 2019 |
| Revenue from operations | 22 | 4,270 | 5,203 |
| Other income | 23 | 1,568 | 1,202 |
| Total Income | | <u>5,838</u> | <u>6,405</u> |
| Expenses | | | |
| Employee benefits expense | 24 | 2,090 | 2,584 |
| Finance costs | 25 | 11 | 1 |
| Depreciation and amortisation expense | 26 | 77 | 37 |
| Other expenses | 27 | 1,027 | 1,352 |
| Total expenses | | <u>3,205</u> | <u>3,974</u> |
| Profit before tax | | <u>2,633</u> | <u>2,431</u> |
| Tax expense/ (benefit) | | | |
| Current tax | 28 | 802 | 737 |
| Current tax- for the earlier years | | (579) | 15 |
| Deferred tax | 28 | 141 | 32 |
| Total tax expense | | <u>364</u> | <u>784</u> |
| Profit for the period | | <u>2,269</u> | <u>1,647</u> |
| Other comprehensive income | | | |
| (i) Items that will not be reclassified to profit or loss | | | |
| - Remeasurements of the defined benefit plans | | 4 | 35 |
| (ii) Income tax relating to items that will not be reclassified to profit or loss | | (1) | (10) |
| Total other comprehensive income | | <u>3</u> | <u>25</u> |
| Total Comprehensive Income for the period | | <u>2,272</u> | <u>1,672</u> |
| Earnings per Equity Share (of Rs.10 each) | 30 | | |
| Basic- In Rs | | 2.04 | 1.48 |
| Diluted- In Rs | | 2.04 | 1.48 |

See accompanying notes to the financial statements

In terms of our report attached.

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

Bhavani Balasubramanian
Partner

Place: Chennai
Date: May 22, 2020

For and on behalf of the Board of Directors

Chandrasekhara Rao Boddaju
Managing Director and
Chief Executive Officer
DIN : 08185777

Place: Hyderabad
Date: May 22, 2020

Shrenik Kumar Champalal
Whole Time Director and
Chief Financial Officer
DIN : 08099410

Place: Bengaluru
Date: May 22, 2020

Aruna Mohandoss
Company Secretary
Place: Chennai
Date: May 22, 2020

XCHANGING SOLUTIONS LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

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

a EQUITY SHARE CAPITAL

| | |
|---|---------------|
| Balance at April 1, 2018 | 11,140 |
| Changes in equity share capital during the year | - |
| Balance at March 31, 2019 | 11,140 |
| Changes in equity share capital during the year | - |
| Balance at March 31, 2020 | 11,140 |

b OTHER EQUITY

| Particulars | Reserves & Surplus | | | Total other equity |
|---|--------------------|------------------|-------------------|--------------------|
| | Capital reserve | Security premium | Retained earnings | |
| Balance as of April 1, 2018 | 57 | 8,417 | (847) | 7,627 |
| Profit for the year | - | - | 1,647 | 1,647 |
| Other comprehensive income for the year, net of tax | - | - | 25 | 25 |
| Balance as of March 31, 2019 | 57 | 8,417 | 825 | 9,299 |

| Particulars | Reserves & Surplus | | | Total other equity |
|---|--------------------|------------------|-------------------|--------------------|
| | Capital reserve | Security premium | Retained earnings | |
| Balance as of April 1, 2019 | 57 | 8,417 | 825 | 9,299 |
| Profit for the year | - | - | 2,269 | 2,269 |
| Other comprehensive income for the year, net of tax | - | - | 3 | 3 |
| Balance as of March 31, 2020 | 57 | 8,417 | 3,097 | 11,571 |

See accompanying notes to the financial statements

In terms of our report attached.

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

For and on behalf of the Board of Directors

Bhavani Balasubramanian
Partner

Chandrasekhara Rao Boddaju
Managing Director and
Chief Executive Officer
DIN : 08185777

Shrenik Kumar Champalal
Whole Time Director and
Chief Financial Officer
DIN : 08099410

Place: Chennai
Date: May 22, 2020

Place: Hyderabad
Date: May 22, 2020

Place: Bengaluru
Date: May 22, 2020

Aruna Mohandoss
Company Secretary
Place: Chennai
Date: May 22, 2020

CASH FLOW STATEMENT

XCHANGING SOLUTIONS LIMITED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2020

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

| | For the year ended | For the year ended |
|---|-----------------------|-----------------------|
| | Mar 31, 2020 | Mar 31, 2019 |
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before tax | 2,633 | 2,431 |
| Adjustments for: | | |
| Depreciation and amortisation expense | 77 | 37 |
| Profit on sale of property, plant and equipment | (2) | (8) |
| Foreign exchange loss - unrealised | 27 | (56) |
| Interest income | (1,031) | (292) |
| Dividend income | (395) | (542) |
| Provision for doubtful advances | 13 | 78 |
| Provision for doubtful debts | - | 48 |
| Liabilities no longer required written back | - | (28) |
| Other provisions no longer required written back | (115) | (284) |
| Finance cost including lease liability (Refer note 34) | 11 | 1 |
| Other non cash adjustments | 3 | 25 |
| | 1,221 | 1,410 |
| Operating profit before working capital changes | | |
| Changes in working capital: | | |
| <i>Adjustments for (increase) / decrease in operating assets:</i> | | |
| Trade receivables | 56 | 304 |
| Other current assets | 93 | (58) |
| Loans & other financial assets and other assets | (29) | 21 |
| <i>Adjustments for increase / (decrease) in operating liabilities:</i> | | |
| Trade payables | (237) | (578) |
| Other financial liabilities and other liabilities | (14) | 338 |
| Provisions | 43 | (46) |
| | 1,133 | 1,391 |
| Cash generated from operations | | |
| Taxes paid (net of refunds) | (602) | (526) |
| Net cash generated from operating activities (A) | 531 | 865 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (38) | (22) |
| Proceeds from sale of property, plant and equipment | 2 | 8 |
| Dividend income | 395 | 542 |
| Proceeds from loans | 250 | - |
| Deposits with banks with maturity period more than 3 months but less than 12 months | 118 | 7 |
| Deposits with banks with maturity period more than 12 months | - | 16 |
| Interest received | 1,019 | 283 |
| Net cash generated from investing activities (B) | 1,746 | 834 |

Cash Flow Statement

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

| | For the year ended | For the year ended |
|---|-----------------------|-----------------------|
| | Mar 31, 2020 | Mar 31, 2019 |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Repayment from non-current borrowings | (3) | (8) |
| Payment of lease liabilities | (45) | - |
| Finance cost including lease liability (Refer note 34) | (11) | (1) |
| Net cash used in financing activities (C) | (59) | (9) |
| Net increase in cash and cash equivalents (A + B + C) | 2,218 | 1,690 |
| Cash and cash equivalents at the beginning of the year | 14,297 | 12,607 |
| Cash and cash equivalents at the end of the year | 16,515 | 14,297 |
| Cash on hand | - | - |
| Balances with banks: | | |
| In current accounts | 468 | 337 |
| Funds in transit | 133 | - |
| Demand deposits (less than 3 months maturity) | 15,930 | 13,941 |
| Effect of exchange differences on balances with banks in foreign currency | (16) | 19 |
| Net cash and cash equivalents included in note 13 | 16,515 | 14,297 |
| Cash and cash equivalents | 16,515 | 14,297 |

Notes:

(1) Figures in brackets indicate cash outflow.

See accompanying notes to the financial statements

In terms of our report attached.

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

Bhavani Balasubramanian
Partner

Place: Chennai
Date: May 22, 2020

For and on behalf of the Board of Directors

Chandrasekhara Rao Boddaju
Managing Director and
Chief Executive Officer
DIN : 08185777

Place: Hyderabad
Date: May 22, 2020

Shrenik Kumar Champalal
Whole Time Director and
Chief Financial Officer
DIN : 08099410

Place: Bengaluru
Date: May 22, 2020

Aruna Mohandoss
Company Secretary
Place: Chennai
Date: May 22, 2020

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.

Xchanging Technology Services India Private Limited, ("XTSIPL") sold 15.80% of its holding in the Company constituting 17,599,461 equity shares (15,839,515 Equity Shares sold on June 10, 2019 and 1,759,946 Equity Shares sold on June 11, 2019) of the Company through Offer for Sale during the year. As a result XTSIPL's holding in the Company has reduced to 19.16%. Also refer note 40.

2. Significant Accounting Policies

2.1 Basis of preparation and presentation

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values at the end of each reporting period as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-bases payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below:

2.2 Revenue recognition

Revenue is recognised net of Goods and Services Tax (GST) to the extent that it is probable that economic benefit will flow to the Company and that revenue can be reliably measured. Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services. Arrangements with customers for software related services are either on a fixed-price or on a time-and-material basis.

- (i) Revenue on time-and-material contracts are recognised as the related services are performed and revenue from the end of the last invoicing to the reporting date is recognised as unbilled revenue. Revenue from fixed-price where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognised as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Maintenance revenue is recognised ratably over the term of the underlying maintenance arrangement.
- (ii) In arrangements for software development and related services and maintenance services, the Company has applied the guidance in Ind AS 115, Revenue from contract with customer, by applying the revenue recognition criteria for each distinct performance obligation. The arrangements with customers generally meet the criteria for considering software development and related services as distinct performance obligations. For allocating the transaction price, the Company has measured the revenue in respect of each performance obligation of a contract at its relative standalone

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

selling price. The price that is regularly charged for an item when sold separately is the best evidence of its standalone selling price. In cases where the company is unable to determine the standalone selling price, the company uses the expected cost plus margin approach in estimating the standalone selling price. For software development and related services, the performance obligations are satisfied as and when the services are rendered since the customer generally obtains control of the work as it progresses.

- (iii) Contract modifications are accounted for when additions, deletions or changes are approved either to the contract scope or contract price. The accounting for modifications of contracts involves assessing whether the services added to an existing contract are distinct and whether the pricing is at the standalone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.
- (iv) Revenue from licenses where the customer obtains a “right to use” the licenses is recognised at the time the license is made available to the customer. Revenue from licenses where the customer obtains a “right to access” is recognised over the access period. Arrangements to deliver software products generally have three elements: license, implementation and Annual Maintenance Contracts (AMC). The company has applied the principles under Ind AS 115 to account for revenues from these performance obligations. When implementation services are provided in conjunction with the licensing arrangement and the license and implementation have been identified as two separate performance obligations, the transaction price for such contracts are allocated to each performance obligation of the contract based on their relative standalone selling prices. In the absence of standalone selling price for implementation, the performance obligation is estimated using the expected cost plus margin approach. Where the license is required to be substantially customized as part of the implementation service the entire arrangement fee for license and implementation is considered to be a single performance obligation and the revenue is recognised using the percentage-of-completion method as the implementation is performed. Revenue from support and other services arising due to the sale of software products is recognised as the performance obligations are satisfied. AMC revenue is recognised ratably over the period in which the services are rendered.
- (v) 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.
- (vi) 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.
- (vii) Unbilled revenue represents costs and earnings in excess of billings as at the balance sheet date.

2.3 Other Income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

2.4 Leases

As a lessee:

The Company’s lease asset classes primarily consist of leases for buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset (“ROU”) and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised. The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

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

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

The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

In the comparative period, lease payments and receipts under operating leases are recognised as an expense and income respectively, on a straight line basis in the statement of profit and loss over the lease term except where the lease payments are structured to increase in line with expected general inflation.

Transition to Ind AS 116

Effective April 1, 2019, the Company adopted Ind AS 116 "Leases", applied to all lease contracts existing on April 1, 2019 using the Simplified approach and accordingly, comparatives for the year ended March 31, 2019 have not been retrospectively adjusted. The adoption of the new standard resulted in recognition of Right-of-Use (ROU) of Rs. 64 and a lease liability of Rs. 64. The effect of this adoption is insignificant on the profit for the period and earnings per share.

2.5 Foreign currencies

- (i) Functional and presentation currency

The functional currency of the Company is the Indian rupee.

- (ii) 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.

- (iii) 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.

2.6 Employee benefits

2.6.1 Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

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

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

2.6.2 Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries and annual leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits, are measured at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

2.7 **Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.7.1 Current tax

Income tax expense or credit for the period is the tax payable on the current period's taxable income using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The Company periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

2.7.2 Deferred tax

Deferred income tax assets and liabilities are recognized for all temporary difference arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred taxes and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.7.3 Current tax and deferred tax for the year

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity, in which case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

2.8 **Property, plant and equipment and depreciation**

- (i) Property, plant and equipment 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) Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation on Property, plant & equipment 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:

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

| Category of assets | Estimated useful life |
|------------------------|-----------------------|
| Servers (Computers) | 3 |
| Vehicles | 2 to 6 |
| Furniture and fixtures | 5 |

- (iii) 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.
- (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.

2.9 Intangible Assets and Amortisation

Intangible assets with finite useful lives are stated at cost of acquisition less accumulated amortisation 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. An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. 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. Intangible assets comprise of computer software which is amortised on straight-line basis over an estimated useful life of one to six years.

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.

2.10 Impairment of tangible and intangible assets other than goodwill

The carrying values of tangible and intangible assets 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.

2.11 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.

2.12 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2.13 Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value depending on the classification of the Financial assets.

2.13.1 Classification of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost (except for financial assets that are designated at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For the impairment policy on financial assets measured at amortised cost, refer Note 2.13.3

Financial assets that meet the following conditions are subsequently measured at Fair Value Through Other Comprehensive Income ("FVTOCI") (except for financial assets that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in profit or loss for FVTOCI financial assets. For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income and accumulated under the heading of 'Reserve for financial assets through other comprehensive income'. When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve is reclassified to profit or loss.

For the impairment policy on financial assets at FVTOCI, refer Note 2.13.3

All other financial assets are subsequently measured at fair value.

2.13.2 Financial assets at fair value through profit or loss (FVTPL)

Financial assets that do not meet the amortised cost criteria or FVTOCI criteria are measured at FVTPL. In addition, financial assets that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

2.13.3 Impairment of financial assets

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the Financial assets that are initially measured at fair value with subsequent measurement at amortised cost e.g Trade receivables, unbilled revenue etc.

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

The Company follows 'simplified approach' for recognition of impairment loss allowance for trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, twelve month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in the subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on a twelve month ECL.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original Effective Interest Rate (EIR).

Allowance for Trade receivables

The Company follows a 'simplified approach' (i.e. based on lifetime ECL) for recognition of impairment loss allowance on Trade receivables. For the purpose of measuring lifetime ECL allowance for trade receivables, the Company estimates irrecoverable amounts based on the ageing of the receivable balances and historical experience. Individual trade receivables are written off when management deems them not to be collectible.

2.13.4 Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

2.13.5 Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss.

2.13.6 Investment in subsidiaries

Investment in subsidiaries is carried at cost in the separate financial statements.

2.14 Financial liabilities

Classification as debt

Debt are classified as financial liabilities in accordance with the substance of the contractual arrangements and the definitions of a financial liability

Financial liabilities

2.14.1 Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL, are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

2.14.2 Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in profit or loss.

2.14.3 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired, An exchange between with a lender of debt instruments with substantially different

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

terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.15 Derivative financial instruments

The Company enters into derivative financial instruments to manage its exposure to foreign exchange rate risks through foreign exchange forward contracts. Further details of derivative financial instruments are disclosed in note 32.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately.

2.16 Use of estimates

The preparation of the financial statements in conformity with Ind AS 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.

2.17 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.

2.18 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.

2.19 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 fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

2.20 Segment Reporting

Ind AS 108 establishes standards for the way that public business enterprises report information about operating segments and related disclosures about products and services, geographic areas, and major customers. Based on the 'management approach' as defined in Ind AS 108, the Chief Operating Decision Maker (CODM) evaluates the Company's performance based on an analysis of various performance indicators by business segments and geographic segments.

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.

2.21 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.

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

2.22 Project work expenses

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

2.23 GST input credit

GST 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.

2.24 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.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the management of the Company is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations, that the management have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

- i) Impairment of investment in subsidiaries- Determining whether investment in subsidiaries is impaired requires an estimation of the value in use of the subsidiaries. The value in use calculation requires the management to estimate the future cash flows expected to arise from the subsidiaries operations and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. No impairment for investment in subsidiaries has been identified during the year.
- ii) Income taxes- The Company has tax jurisdiction in India. Significant judgments are involved in determining the provision for income taxes, including the amount expected to be paid or recovered in connection with uncertain tax positions. Also refer to note 28.
- iii) Fair value measurements and valuation processes- Derivative financial instruments are measured at fair value and the gratuity liability is measured based on actuarial valuation for financial reporting purposes. In estimating the fair value and actuarial valuation, the Company uses market-observable data to the extent it is available. Where such inputs are not available, the Company engages third party qualified valuers to perform the valuation.
- iv) Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Company's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. Refer note no 2.4
- v) Estimation uncertainty relating to COVID-19 outbreak- The Company has considered internal sources of information up to the date of approval of the financial statements in determining the impact on various elements of its financial statements. The Company has used the principles of prudence in applying judgments, estimates and assumptions and based on the current estimates, the Company expects to fully recover the carrying amount of trade receivables including unbilled receivables and investments. The eventual outcome of impact of the global health pandemic may be different from those estimated as on the date of approval of these financial statements.

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

| | As at Mar 31, 2020 | As at Mar 31, 2019 |
|--|-----------------------|-----------------------|
| 4 PROPERTY, PLANT AND EQUIPMENT | | |
| (Refer note 2.8 and 2.10) | | |
| (Owned unless specified) | | |
| Carrying amounts of: | | |
| Leasehold Improvements | 10 | - |
| Computers | 28 | 15 |
| Vehicles | - | - |
| Office Equipment | 5 | 9 |
| Furniture and Fittings | 3 | - |
| | <u>46</u> | <u>24</u> |

| Particulars | Leasehold Improvements | Computers | Vehicles | Office Equipment | Furniture and Fittings | Total |
|--|------------------------|--------------|-----------|------------------|------------------------|--------------|
| Gross carrying value | | | | | | |
| Balance as at April 1, 2018 | - | 1,096 | 36 | 163 | 10 | 1,305 |
| Additions | - | 20 | - | - | - | 20 |
| Disposals | - | (104) | (7) | (4) | - | (115) |
| Balance as at March 31, 2019 | - | 1,012 | 29 | 159 | 10 | 1,210 |
| Additions | 15 | 23 | - | 2 | 3 | 43 |
| Disposals | - | (152) | (29) | (9) | - | (190) |
| Balance as at March 31, 2020 | 15 | 883 | - | 152 | 13 | 1,063 |
| Accumulated depreciation | | | | | | |
| Balance as at April 1, 2018 | - | 1,085 | 32 | 144 | 10 | 1,271 |
| Depreciation expense | - | 16 | 4 | 10 | - | 30 |
| Eliminated on disposals of assets | - | (104) | (7) | (4) | - | (115) |
| Balance as at March 31, 2019 | - | 997 | 29 | 150 | 10 | 1,186 |
| Depreciation expense | 5 | 10 | - | 6 | - | 21 |
| Eliminated on disposals of assets | - | (152) | (29) | (9) | - | (190) |
| Balance as at March 31, 2020 | 5 | 855 | - | 147 | 10 | 1,017 |
| Carrying value as at March 31, 2020 | 10 | 28 | - | 5 | 3 | 46 |
| Carrying value as at March 31, 2019 | - | 15 | - | 9 | - | 24 |

5 MOVEMENT IN RIGHT OF USE ASSETS:

(Refer note 2.4)

Following are the changes in the carrying value of right of use assets for the year ended March 31, 2020:

| Particulars | Leasehold Improvements |
|---|------------------------|
| Balance as at April 1, 2019 | - |
| Reclassified on account of adoption of IND AS 116 | 64 |
| Additions | 165 |
| Depreciation | (53) |
| Balance as at March 31, 2020 | 176 |

The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the Statement of Profit and Loss.

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

| | As at Mar 31, 2020 | As at Mar 31, 2019 |
|----------------------------------|-----------------------|-----------------------|
| 6 OTHER INTANGIBLE ASSETS | | |
| (Refer note 2.9 and 2.10) | | |
| Carrying amounts of: | | |
| Computer software | 3 | 5 |
| | <u>3</u> | <u>5</u> |

| Particulars | Computer software | Total |
|--|-------------------|-----------|
| Gross carrying value | | |
| Balance as at April 1, 2018 | 531 | 531 |
| Additions | 8 | 8 |
| Disposals | (477) | (477) |
| Balance as at March 31, 2019 | 62 | 62 |
| Additions | 1 | 1 |
| Disposals | - | - |
| Balance as at March 31, 2020 | 63 | 63 |
| Accumulated amortisation | | |
| Balance as at April 1, 2018 | 527 | 527 |
| Amortisation expense | 7 | 7 |
| Disposals | (477) | (477) |
| Balance as at March 31, 2019 | 57 | 57 |
| Amortisation expense | 3 | 3 |
| Disposals | - | - |
| Balance as at March 31, 2020 | 60 | 60 |
| Carrying value as at March 31, 2020 | 3 | 3 |
| Carrying value as at March 31, 2019 | 5 | 5 |

| | As at Mar 31, 2020 | As at Mar 31, 2019 |
|--|-----------------------|-----------------------|
| 7 INVESTMENTS | | |
| Non-current | | |
| Investments in equity instruments | | |
| Wholly owned Subsidiary Companies : | | |
| (Unquoted, at cost, unless otherwise stated, fully paid up) | | |
| (Refer note 2.10, 2.19, 2.13.6 and 3.1.(i)) | | |
| Xchanging Solutions (Singapore) Pte Limited, Singapore 2,300,000 (2019: 2,300,000) ordinary shares of Singapore\$1 each | 7 | 7 |
| Xchanging Solutions (Europe) Limited, UK 1 (2019: 2,664,278) ordinary shares of GBP 1 each [Refer note 39] | 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 (2019: 9,930,062) common stock of US\$1 each [Refer note 38] | 11,224 | 11,224 |
| (Less): Provision for diminution in value of investment | <u>(6,045)</u> | <u>(6,045)</u> |
| | <u>5,179</u> | <u>5,179</u> |
| | <u>5,186</u> | <u>5,186</u> |
| Aggregate carrying value of unquoted investments | 13,453 | 13,453 |
| Aggregate amount of impairment in value of investments | (8,267) | (8,267) |

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

| | As at Mar 31, 2020 | As at Mar 31, 2019 |
|---|-----------------------|-----------------------|
| 8 LOANS | | |
| (Refer note 2.13 and 2.16) | | |
| Unsecured, considered good unless otherwise stated | | |
| Non-current | | |
| Loans and advances: | | |
| Subsidiaries [Refer note 38]: | | |
| - Considered doubtful | 17,283 | 17,283 |
| (Less): Provision for doubtful loans | (17,283) | (17,283) |
| Fellow subsidiaries [Refer note 33] | 218 | 1,618 |
| | <u>218</u> | <u>1,618</u> |
| Current | | |
| Loans and advances: | | |
| Fellow subsidiaries [Refer note 33] | 1,400 | 250 |
| | <u>1,400</u> | <u>250</u> |
| Note: As at March 31, 2020, the loans and advances balance of Rs. 17,283 (2019: 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 non-current financial assets. These financial assets are carried at amortised cost. | | |
| 9 OTHER FINANCIAL ASSETS | | |
| (Refer note 2.2, 2.13 and 2.16) | | |
| Unsecured considered good unless otherwise stated | | |
| Current | | |
| Expenses recoverable from fellow subsidiaries [Refer note 33]: | | |
| - Subsidiaries | 4 | - |
| - Fellow subsidiaries | 21 | 40 |
| Security deposits | | |
| - Considered good | 170 | 174 |
| - Considered doubtful | 24 | 21 |
| (Less): Provision for doubtful advances | (24) | (21) |
| Unbilled revenue | 125 | 131 |
| Interest accrued on loans to fellow subsidiaries [Refer note 33] | 15 | 33 |
| Interest accrued on bank deposits | 43 | 13 |
| Other Loans and advances (includes advances to employees and other receivables) | | |
| - Considered good | 2 | 33 |
| - Considered doubtful | 17 | 35 |
| (Less): Provision for doubtful advances | (17) | (35) |
| | <u>380</u> | <u>424</u> |

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

10 DEFERRED TAX ASSETS (NET)

(Refer note 2.7 and 3.1.(ii))

Details of deferred tax assets and liabilities as at March 31, 2020 comprise of the following:

| Particulars | As at April 1, 2019 | (Credit)/ Charged to Statement of Profit and Loss | Recognised in Other Comprehensive Income | As at March 31, 2020 |
|--|---------------------|---|--|----------------------|
| Deferred Tax Assets | | | | |
| Depreciation | 187 | 41 | - | 146 |
| Provision for gratuity | 88 | 9 | 1 | 78 |
| Provision for compensated absences | 22 | (6) | - | 28 |
| Provision for other employee benefits | 19 | 4 | - | 15 |
| Provision for doubtful debts | 362 | 32 | - | 330 |
| Provision for doubtful advances | 175 | 57 | - | 118 |
| Adjustment for lease | - | (2) | - | 2 |
| Others | 20 | 6 | - | 14 |
| Total (A) | 873 | 141 | 1 | 731 |
| Deferred Tax Liabilities (B) | - | - | - | - |
| Deferred Tax Assets (Net) (A)-(B) | 873 | 141 | 1 | 731 |

As at March 31, 2019

| Particulars | As at April 1, 2018 | (Credit)/ Charged to Statement of Profit and Loss | Recognised in Other Comprehensive Income | As at March 31, 2019 |
|--|---------------------|---|--|----------------------|
| Deferred Tax Assets | | | | |
| Depreciation | 209 | 22 | - | 187 |
| Provision for gratuity | 104 | 6 | 10 | 88 |
| Provision for compensated absences | 20 | (2) | - | 22 |
| Provision for other employee benefits | 64 | 45 | - | 19 |
| Provision for doubtful debts | 328 | (34) | - | 362 |
| Provision for doubtful advances | 154 | (21) | - | 175 |
| Others | 36 | 16 | - | 20 |
| Total (A) | 915 | 32 | 10 | 873 |
| Deferred Tax Liabilities (B) | - | - | - | - |
| Deferred Tax Assets (Net) (A)-(B) | 915 | 32 | 10 | 873 |

| | As at Mar 31, 2020 | As at Mar 31, 2019 |
|--|--------------------|--------------------|
|--|--------------------|--------------------|

11 OTHER ASSETS

(Refer note 2.23)

Unsecured considered good unless otherwise stated

Non-current

| | | |
|--|--------------|--------------|
| Prepaid Expenses | 7 | 13 |
| Advances recoverable in kind | 1,486 | 1,466 |
| Balances with Government Authorities (Service tax & GST) | | |
| - Considered good | 237 | 179 |
| - Considered doubtful | 429 | 548 |
| (Less): Provision for doubtful advances | (429) | (548) |
| | 1,730 | 1,658 |

Current

| | | |
|--|------------|------------|
| Balances with Government Authorities (GST) | 78 | 116 |
| Prepaid Expenses | 59 | 108 |
| Other Loans and advances | 25 | 31 |
| | 162 | 255 |

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

| | As at Mar 31, 2020 | As at Mar 31, 2019 |
|---|-----------------------|-----------------------|
| 12 TRADE RECEIVABLES | | |
| (Refer note 2.13, 32 and 33) | | |
| (Unsecured) | | |
| Considered good | 815 | 890 |
| Considered doubtful | 1,309 | 1,243 |
| Less: Provision for doubtful trade receivables | (1,309) | (1,243) |
| | <u>815</u> | <u>890</u> |
| 13 CASH AND CASH EQUIVALENTS | | |
| (Refer note 2.17) | | |
| Balances with banks | | |
| In current accounts | 452 | 356 |
| Funds in transit | 133 | - |
| In demand deposit accounts (less than 3 months maturity) | 15,930 | 13,941 |
| Cash on hand | - | - |
| Cash and cash equivalent as per statement of cash flow | <u>16,515</u> | <u>14,297</u> |
| 14 OTHER BANK BALANCES | | |
| Long Term Deposit with maturity more than 3 months but less than 12 months | 17 | 135 |
| | <u>17</u> | <u>135</u> |
| Fixed Deposits with Banks include: Rs. 17 (2019: Rs. 135) which are under lien | | |
| 15 EQUITY SHARE CAPITAL | | |
| Authorised capital: | | |
| 125,000,000 (2019: 125,000,000) Equity shares of Rs.10 each | 12,500 | 12,500 |
| Issued, subscribed and paid up capital: | | |
| 111,403,716 (2019: 111,403,716) Equity shares of Rs.10 each fully paid up | 11,140 | 11,140 |
| | <u>11,140</u> | <u>11,140</u> |

a) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting year are as given below:

| Equity Shares | As at March 31, 2020 | | As at January 1, 2019 | |
|--|-------------------------|---------------|--------------------------|---------------|
| | Number of Shares | Amount | Number of Shares | Amount |
| Shares outstanding at the beginning of the year | 111,403,716 | 11,140 | 111,403,716 | 11,140 |
| Add / (Less): Movement during the year | - | - | - | - |
| Shares outstanding at the end of the year | 111,403,716 | 11,140 | 111,403,716 | 11,140 |

b) Terms/ rights attached to equity shares

The Company has only one class of shares referred to as equity shares having a par value of Rs.10 each. 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.

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

c) Details of shares held by the holding company and its subsidiaries:

| Number of Shares | As at | As at |
|---|---------------------|-------------------|
| | March 31, 2020 | March 31, 2019 |
| | Name of Shareholder | Number of Shares |
| Xchanging (Mauritius) Limited, the immediate holding company | 58,002,787 | 58,002,787 |
| Xchanging Technology Services India Private Limited, subsidiary of Holding Company* | 21,348,838 | 38,948,299 |
| | 79,351,625 | 96,951,086 |

* Xchanging Technology Services India Private Limited acquired 12.03% shares on June 11, 2018 through Mandatory open offer.

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

| Name of Shareholder | As at March 31, 2020 | | As at March 31, 2019 | |
|---|-----------------------|------------|-----------------------|------------|
| | 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 | 21,348,838 | 19.16 | 38,948,299 | 34.96 |

| | As at | As at |
|--|--------------|--------------|
| | Mar 31, 2020 | Mar 31, 2019 |

16 OTHER EQUITY

| | | |
|-------------------|---------------|--------------|
| Capital reserve | 57 | 57 |
| Security premium | 8,417 | 8,417 |
| Retained earnings | 3,097 | 825 |
| | 11,571 | 9,299 |

16.1 Capital reserve

| | | |
|--|-----------|-----------|
| Balance at the beginning of the year | 57 | 57 |
| Add / (Less): Movement during the year | - | - |
| Balance at the end of the year | 57 | 57 |

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

16.2 Security premium

| | | |
|--|--------------|--------------|
| Balance at the beginning of the year | 8,417 | 8,417 |
| Add / (Less): Movement during the year | - | - |
| Balance at the end of the year | 8,417 | 8,417 |

Amounts received (on issue of shares) in excess of the par value has been classified as securities premium.

16.3 Retained earnings

| | | |
|--|--------------|------------|
| Balance at the beginning of the year | 825 | (847) |
| Profit for the year | 2,269 | 1,647 |
| Other comprehensive income arising from remeasurement of defined benefit obligation net of tax | 3 | 25 |
| Balance at the end of the year | 3,097 | 825 |

Retained earnings comprise of the Company's prior years' undistributed earnings after taxes.

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

| | As at Mar 31, 2020 | As at Mar 31, 2019 |
|--|-----------------------|-----------------------|
| 17 PROVISIONS | | |
| (Refer note 2.6) | | |
| Non-current | | |
| Provision for employee benefits : | | |
| Provision for compensated absences | 84 | 61 |
| Provision for gratuity [Refer note 31] | 249 | 242 |
| | <u>333</u> | <u>303</u> |
| Current | | |
| Provision for employee benefits : | | |
| Provision for compensated absences | 28 | 17 |
| Provision for gratuity [Refer note 31] | 62 | 60 |
| | <u>90</u> | <u>77</u> |
| 18 TRADE PAYABLES | | |
| (Refer note 2.14) | | |
| Total outstanding dues of micro enterprises and small enterprises (Refer Note (ii)) | - | 1 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | | |
| Due to: | | |
| Subsidiaries [Refer note 33] | 98 | 101 |
| Related parties [Refer note 33] | 204 | 214 |
| Others: | | |
| Goods & services | 228 | 400 |
| Employee related payables | 74 | 117 |
| | <u>604</u> | <u>832</u> |
| | <u>604</u> | <u>833</u> |

Notes:

- (i) The credit period ranges from 0 to 90 days. No interest is charged on trade payables up to the due date. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.
- (ii) On the basis of confirmation obtained from suppliers who have registered themselves under the Micro, Small Medium Enterprise Development Act, 2006 (MSMED Act, 2006) and based on the information available with the Company, the following are the details:
- | | | |
|--|---|---|
| (a) Principal amount remaining unpaid | - | 1 |
| (b) Interest due thereon remaining unpaid | - | - |
| (c) Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along-with the amount of the payment made to the supplier beyond the appointed day during the period | - | - |
| (d) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006 | - | - |
| (e) Interest accrued and remaining unpaid | - | - |
| (f) Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises | - | - |

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

| | As at Mar 31, 2020 | As at Mar 31, 2019 |
|---|--|--|
| 19 OTHER FINANCIAL LIABILITIES | | |
| (Refer note 2.5 and 2.14) | | |
| Current maturities of non-current borrowings | - | 3 |
| Payable on purchase of property, plant and equipment | 13 | 7 |
| Other financial liabilities | 18 | - |
| | <u>31</u> | <u>10</u> |
| 20 CURRENT TAX ASSETS AND LIABILITIES | | |
| (Refer note 2.7 and 3.1.(ii)) | | |
| Current tax assets | | |
| Tax refund receivable | 4,202 | 3,599 |
| | <u>4,202</u> | <u>3,599</u> |
| Current tax liabilities | | |
| Income tax payable | 7,469 | 7,246 |
| | <u>7,469</u> | <u>7,246</u> |
| | <u>3,267</u> | <u>3,647</u> |
| 21 OTHER CURRENT LIABILITIES | | |
| (Refer note 2.2 and 2.5) | | |
| Income received in advance (Unearned revenue) | | |
| - Fellow subsidiaries [Refer note 33] | - | 49 |
| - Others | 62 | 202 |
| Statutory remittances (Contributions to PF, ESIC, Withholding Taxes, GST etc.) | 29 | 47 |
| Security deposits | 67 | - |
| Advances from customers | 1 | 8 |
| | <u>159</u> | <u>306</u> |
| | <u>For the year ended Mar 31, 2020</u> | <u>For the year ended Mar 31, 2019</u> |
| 22 REVENUE FROM OPERATIONS | | |
| (Refer note 2.2, 29 and 33) | | |
| Software services | 4,270 | 5,203 |
| | <u>4,270</u> | <u>5,203</u> |
| The table below presents disaggregated revenues from contracts with customers for the year ended March 31, 2020 by contract type. The Company believe that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cashflows are affected by industry, market and other economic factors. | | |
| Revenues by contract type | For the year ended Mar 31, 2020 | For the year ended Mar 31, 2019 |
| T&M and AMC | 4,145 | 4,795 |
| Fixed Price | 125 | 408 |
| Total | 4,270 | 5,203 |

Notes forming part of the Financial Statements

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

The Company has evaluated the impact of COVID-19 resulting from (i) the possibility of constraints to render services (ii) onerous obligations (iii) penalties relating to breaches of service level agreements and (iv) termination or deferment of contracts by customers. The Company has concluded that the impact of COVID-19 is not material based on such evaluation. Due to the nature of the pandemic, the Company will continue to monitor developments to identify significant uncertainties relating to revenue in future periods.

| | For the year ended Mar 31, 2020 | For the year ended Mar 31, 2019 |
|--|---------------------------------------|---------------------------------------|
| 23 OTHER INCOME | | |
| (Refer note 2.3 and 2.5) | | |
| a) <u>Interest Income</u> | | |
| Interest income earned on financial assets that are not designated as at fair value through profit or loss (at amortised cost): | | |
| Interest income | | |
| Bank deposits | 834 | 68 |
| Loans to fellow subsidiaries [Refer note 33] | 197 | 224 |
| | <u>1,031</u> | <u>292</u> |
| b) <u>Dividend income</u> | | |
| Dividends from current investments | - | 542 |
| Dividends from equity investments | 395 | - |
| | <u>395</u> | <u>542</u> |
| All dividends from mutual funds and dividends from equity investments carried at fair value through P&L recognised for both the years relate to investments held during each reporting period. | | |
| c) <u>Other non-operating income (net of expenses directly attributable to such income)</u> | | |
| Other provisions no longer required written back | 115 | 284 |
| Liabilities no longer required written back | - | 28 |
| Others (aggregate of immaterial items) | - | 6 |
| | <u>115</u> | <u>318</u> |
| d) <u>Other gains and losses</u> | | |
| Profit on sale of property, plant and equipment (net) | 2 | 8 |
| Profit on redemption of mutual funds | - | 2 |
| Foreign exchange gain (net) | 25 | 40 |
| | <u>27</u> | <u>50</u> |
| (a+b+c+d) | <u><u>1,568</u></u> | <u><u>1,202</u></u> |
| 24 EMPLOYEE BENEFITS EXPENSE | | |
| (Refer note 2.6 and 31) | | |
| Salaries and wages including bonus | 1,905 | 2,361 |
| Contribution to provident and other funds [Refer note 31] | 106 | 118 |
| Gratuity expenses [Refer note 31] | 56 | 70 |
| Staff welfare expenses | 23 | 35 |
| | <u>2,090</u> | <u>2,584</u> |
| 25 FINANCE COSTS | | |
| (Refer note 2.4) | | |
| Interest expenses on borrowings (not classified as at FVTPL) | - | 1 |
| Interest expenses on lease liabilities | 11 | - |
| | <u>11</u> | <u>1</u> |

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

| | For the year ended Mar 31, 2020 | For the year ended Mar 31, 2019 |
|--|---------------------------------------|---------------------------------------|
| 26 DEPRECIATION AND AMORTISATION EXPENSE | | |
| (Refer note 2.4, 2.8, 2.9 and 2.16) | | |
| Depreciation of property, plant and equipment [Refer note 4] | 21 | 30 |
| Depreciation of right of use of assets [Refer note 5] | 53 | - |
| Amortisation of intangible assets [Refer note 6] | 3 | 7 |
| | <u>77</u> | <u>37</u> |
| 27 OTHER EXPENSES | | |
| (Refer note 2.4, 2.5, 2.11, 2.16 and 2.22) | | |
| Project work expenses | 200 | 198 |
| Power and fuel | 35 | 42 |
| Rental expenses* | 15 | 112 |
| Repairs and maintenance: | | |
| Computer equipments | 134 | 183 |
| Others | 58 | 65 |
| Insurance | 26 | 26 |
| Rates and taxes | 17 | 11 |
| Communication | 164 | 173 |
| Travelling and conveyance | 97 | 117 |
| Business promotion | 18 | 34 |
| Net Loss on FV changes in current investments carried at FVTPL | - | 5 |
| Expenditure towards Corporate Social Responsibility (CSR) activities [Refer note 37] | 21 | 20 |
| Legal and professional | 63 | 42 |
| Payments to auditors (Refer Note (i) below) | 110 | 113 |
| Provision for doubtful debts (net) | - | 48 |
| Provision for doubtful advances | 13 | 78 |
| Directors' sitting fees | 35 | 29 |
| Miscellaneous expenses | 21 | 56 |
| | <u>1,027</u> | <u>1,352</u> |
| * Represents lease rentals for short term leases and leases of low value assets | | |
| Note: | | |
| (i) Payments to the auditors comprise (net of taxes, where applicable): | | |
| Statutory audit | 58 | 58 |
| Limited review of quarterly financial results | 44 | 44 |
| Tax audit | 6 | 6 |
| Certifications | 2 | 4 |
| Out-of-pocket expenses | - | 1 |
| Total | <u>110</u> | <u>113</u> |
| 28 Income Taxes | | |
| (Refer note 2.7 and 3.1.(ii)) | | |
| 1. Income tax recognised in profit or loss | | |
| Current tax | | |
| In respect of current year | 802 | 737 |
| Deferred tax | | |
| In respect of current year | 141 | 32 |
| Total income tax expense /(gain) recognised in the current year | <u>943</u> | <u>769</u> |

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

| | For the year ended Mar 31, 2020 | For the year ended Mar 31, 2019 |
|--|---------------------------------------|---------------------------------------|
| 2. The income tax expense for the year can be reconciled to the accounting profit/ (loss) as follows: | | |
| Profit/ (loss) before tax | 2,633 | 2,431 |
| Income tax expense calculated at 25.168% (2019: 29.120%) | 663 | 708 |
| Effect of notional income recognised for taxation | 196 | 226 |
| Effect of change in tax rate (Refer note 41) | 86 | - |
| Effect of income that is exempt from taxation | - | (158) |
| Effect of inadmissible expenses | 5 | 14 |
| Effect of admissible deductions | - | (2) |
| Others | (7) | (19) |
| Income tax expense recognised in Profit and Loss | 943 | 769 |

The income tax rate used for the above reconciliations is current tax 25.168% (2019: 29.120%) and Deferred tax 25.168% (2019: 29.120%), these are the corporate tax rate payable by corporate entities in India on taxable profits under the Indian tax law.

3. Income tax recognised in other comprehensive income:

Income tax

Arising on income and expenses recognised in other comprehensive income:

| | | |
|---|------------|-------------|
| Remeasurement of defined benefit obligation | (1) | (10) |
| Total | (1) | (10) |

Bifurcation of the income tax recognised in other comprehensive income into:-

| | | |
|---|-----|------|
| Items that will not be reclassified to profit or loss | (1) | (10) |
| Items that may be reclassified to profit or loss | - | - |

29 SEGMENT INFORMATION

(Refer note 2.20)

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 Ind AS 108 "Operating Segments" in relation to the geographies is as follows:

| | Revenue by location of customers | |
|-------------------|-------------------------------------|--------------|
| | Mar 31, 2020 | Mar 31, 2019 |
| Europe | 1,122 | 1,552 |
| USA | 1,811 | 1,967 |
| India | 1,068 | 1,308 |
| Rest of the World | 269 | 376 |
| | 4,270 | 5,203 |

Balance of customers with more than 10% of total revenue amounts to Rs 2,931 (2019: Rs. 3,378)

| | Carrying amount of segment assets by location of the assets | | Addition to Fixed Assets/Right of use assets | |
|-------------------|---|-----------------|--|-----------------|
| | Mar 31, 2020 | Mar 31, 2019 | Mar 31, 2020 | Mar 31, 2019 |
| Europe | 321 | 226 | - | - |
| USA | 5,541 | 6,515 | - | - |
| India | 20,718 | 17,732 | 209 | 28 |
| Rest of the World | 68 | 269 | - | - |
| | 26,648 | 24,742 | 209 | 28 |

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

| | For the year ended | For the year ended |
|--|-----------------------|-----------------------|
| | Mar 31, 2020 | Mar 31, 2019 |
| 30 EARNINGS PER SHARE | | |
| (Refer note 2.21) | | |
| Basic earnings per share | | |
| Profit for the year after tax | 2,269 | 1,647 |
| 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 |
| Earnings per share – Basic (Rs.) | 2.04 | 1.48 |
| Diluted earnings per share | | |
| Weighted average number of equity shares considered for calculating diluted earnings per share – (B) | 111,403,716 | 111,403,716 |
| Earnings per share – Diluted (Rs.) | 2.04 | 1.48 |

31 EMPLOYEE BENEFITS EXPENSE

(Refer note 2.6)

(a) Defined Contribution Plans

Provident Fund and Other Funds: During the year, the Company has recognised Rs. 106 (2019: Rs. 118) 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 Company is exposed to various risks in providing the above gratuity benefit such as: interest rate risk, longevity risk and salary risk.

Interest risk: A decrease in the bond interest rate will increase the plan liability.

Longevity risk: The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

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:

| | As at | As at |
|---|--------------|--------------|
| | Mar 31, 2020 | Mar 31, 2019 |
| (i) Movement in Present Value of the Defined benefit obligation | | |
| Balance at the beginning of the year | 302 | 357 |
| Current Service Cost | 37 | 47 |
| Interest Cost | 19 | 23 |
| Actuarial (Gains) / Losses- Demographic | - | - |
| Actuarial (Gains) / Losses- Financial | 6 | (9) |
| Actuarial (Gains) / Losses- Experience | (10) | (26) |
| Benefits paid | (43) | (90) |
| Present Value of Defined benefit obligation at the end of the year | 311 | 302 |

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

| | As at | As at |
|---|---------------------------|---------------------------|
| | Mar 31, 2020 | Mar 31, 2019 |
| (ii) Assets and Liabilities recognised in the Balance Sheet | | |
| Present Value of Defined Benefit Obligation | 311 | 302 |
| Amounts recognised as liability | 311 | 302 |
| Recognised under: | | |
| Non-current provisions (Refer note 17) | 249 | 242 |
| Current provisions (Refer note 17) | 62 | 60 |
| | 311 | 302 |
| | For the year ended | For the year ended |
| | Mar 31, 2020 | Mar 31, 2019 |
| (iii) Amounts recognised in statement of profit and loss in respect of these defined benefit plans are as follows. | | |
| Current Service Cost | 37 | 47 |
| Interest Cost | 19 | 23 |
| Components of defined benefit costs recognised in profit or loss | 56 | 70 |
| Remeasurement on the net defined benefit liability: | | |
| Actuarial (Gain) / Loss due to Demographic Assumption changes | - | - |
| Actuarial (Gain) / Loss due to Financial Assumption changes | 6 | (9) |
| Actuarial (Gain) / Loss due to Experience | (10) | (26) |
| Components of defined benefit costs recognised in other comprehensive income | (4) | (35) |
| Total | 52 | 35 |
| | As at | As at |
| | Mar 31, 2020 | Mar 31, 2019 |
| (iv) Actuarial Assumptions | | |
| Discount Rate | 5.95% | 6.95% |
| Attrition Rate | 20% | 20% |
| Increase in Compensation Cost | 6.25% | 6.75% |
| Retirement Age | 60 | 60 |
| Particulars | Mar 31, 2020 | Mar 31, 2019 |
| (v) Expected Future Cashflows | | |
| Year 1 | 62 | 60 |
| Year 2 | 54 | 53 |
| Year 3 | 54 | 46 |
| Year 4 | 42 | 46 |
| Year 5 | 36 | 36 |

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.

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

(vi) Sensitivity analysis

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The following table summarizes the impact on defined benefit obligation arising due to increase / decrease in key actuarial assumptions by 50 basis points:

As at March 31, 2020

| Defined Benefit Obligation | Discount rate | Rate of Increase in Compensation Cost |
|----------------------------|---------------|---------------------------------------|
| Impact of decrease | 6 | (6) |
| Impact of increase | (6) | 6 |

As at March 31, 2019

| Defined Benefit Obligation | Discount rate | Rate of Increase in Compensation Cost |
|----------------------------|---------------|---------------------------------------|
| Impact of decrease | 6 | (6) |
| Impact of increase | (5) | 6 |

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

32 FINANCIAL INSTRUMENTS**32.1 Capital management**

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Company consists of net debt (borrowings as detailed in note 19) and total equity of the Company.

The Company is not subject to any externally imposed capital requirements.

32.1.1 Debt equity ratio

The debt equity ratio at end of the reporting period was as follows.

| Particulars | As at | As at |
|---------------------------------|---------------|---------------|
| | Mar 31, 2020 | Mar 31, 2019 |
| Debt (i) | - | 3 |
| Net debt | - | 3 |
| Total equity | 22,711 | 20,439 |
| Net debt to equity ratio | - | 0.00 |

- (i) Debt is defined as long-term and current maturities (excluding derivative, financial guarantee contracts and contingent consideration), as described in note 19.
- (ii) Total equity comprises issued share capital, reserves, retained earnings and other comprehensive income as set out in the statement of changes in equity.

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

32.2 Categories of financial instruments

| Particulars | As at | |
|--|--------------|--------------|
| | Mar 31, 2020 | Mar 31, 2019 |
| Financial assets | | |
| <u>Measured at amortised cost</u> | | |
| (a) Cash and bank balances | 16,515 | 14,297 |
| (b) Bank balances other than above | 17 | 135 |
| (c) Other financial assets at amortised cost | 2,813 | 3,182 |
| <u>Measured at cost</u> | | |
| Investments | 5,186 | 5,186 |
| Financial liabilities | | |
| <u>Measured at amortised cost</u> | | |
| Lease liabilities | 184 | - |
| Other financial liability at amortised cost | 635 | 843 |

32.3 Financial risk management

The Company is exposed to foreign currency risk, liquidity risk, credit risk and interest risk which may impact the fair value of its financial instruments. The Company has a risk management policy to manage & mitigate these risks. The Company's risk management policy aims to reduce volatility in financial statements while maintaining balance between providing predictability in the Company's business plan along with reasonable participation in market movement.

32.4 Market Risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see note 32.5).

32.5 Foreign currency risk management

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

| Particulars | Liabilities as at | | Assets as at | |
|--------------|-------------------|--------------|--------------|--------------|
| | Mar 31, 2020 | Mar 31, 2019 | Mar 31, 2020 | Mar 31, 2019 |
| GBP | 133 | 135 | 68 | 126 |
| USD | 9 | 68 | 1,639 | 1,936 |
| Others* | 7 | 32 | 14 | 11 |
| Total | 149 | 235 | 1,721 | 2,073 |

* Others include currencies such as SGD, EUR and AUD.

32.5.1 Foreign currency sensitivity analysis

The Company is mainly exposed to the USD and GBP.

The following table details the Company's sensitivity to a 10% increase and decrease in the Rs. against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Company where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower. A positive number below indicates an increase in profit or equity where the Rs. strengthens 10% against the relevant currency. For a 10% weakening of the Rs. against the relevant currency, there would be a comparable impact on the profit or equity, and the balances below would be negative.

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

| Particulars | Impact on profit or loss for the year | | Impact on total equity as at the end of the reporting period | |
|----------------------------|---------------------------------------|--------------|--|--------------|
| | Mar 31, 2020 | Mar 31, 2019 | Mar 31, 2020 | Mar 31, 2019 |
| GBP sensitivity | | | | |
| Increase by 10% | (7) | (1) | (7) | (1) |
| Decrease by 10% | 7 | 1 | 7 | 1 |
| USD sensitivity | | | | |
| Increase by 10% | 163 | 187 | 163 | 187 |
| Decrease by 10% | (163) | (187) | (163) | (187) |
| Others sensitivity* | | | | |
| Increase by 10% | 1 | (2) | 1 | (2) |
| Decrease by 10% | (1) | 2 | (1) | 2 |

* Others include currencies such as SGD, EUR and AUD.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year. This is mainly attributable to the exposure outstanding on USD receivable and payable in the Company at end of the reporting period.

32.6 Interest rate risk management

The Company is exposed to interest rate risk because the Company lend/ borrow funds at fixed interest rates. There is no exposure to market rate fluctuations. The Companies exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

32.7 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company uses other publicly available financial information and its own trading records to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivables. The Company does not have significant credit risk exposure to any single counterparty.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

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

Provision for expected credit losses

The Company provides for expected credit loss based on the following:

| Category | Description of category | Basis for recognition of expected credit loss provision | | |
|---|---|---|--|--|
| | | Loans at amortised cost | Other financial assets at amortised cost | Trade receivables |
| High quality assets, negligible credit risk | Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil | 12-month expected credit losses | 12-month expected credit losses | Life-time expected credit losses (simplified approach) |
| Standard assets, moderate credit risk | Assets where the probability of default is considered moderate, however counter-party has sufficient capacity to meet the obligations | | | |
| Low quality assets, very high credit risk | Assets where there is a high probability of default and is considered as high risk | Life-time expected credit losses | Life-time expected credit losses | |
| Doubtful assets, credit-impaired | Assets are written off when there is no reasonable expectation of recovery | Asset is written off | | |

| Particulars | | Category | Asset group | Estimated gross carrying amount at default | Expected probability of default | Expected credit losses | Carrying amount net of impairment provision | |
|---|--|---|--|--|---------------------------------|------------------------|---|--------------------------|
| March 31, 2020 | | | | | | | | |
| (a) Expected credit loss for loans and other financial assets at amortised cost | | | | | | | | |
| Loss allowance measured at 12 month expected credit losses | Financial assets for which credit risk has not increased significantly since initial recognition | High quality assets, negligible credit risk | Loans at amortised cost | 1,618 | 0% | - | 1,618 | |
| | | High quality assets, negligible credit risk | Other financial assets at amortised cost | 58 | 0% | - | 58 | |
| | | Standard assets, moderate credit risk | Other financial assets at amortised cost | 363 | 12% | 42 | 322 | |
| Loss allowance measured at life-time expected credit losses | Financial assets where there is a high probability of default | Low quality assets, very high credit risk | Loans at amortised cost | 17,283 | 100% | 17,283 | - | |
| (b) Expected credit loss for trade receivables under simplified approach | | | | | | | | |
| Ageing | | | 0-30 Days | 31-60 Days | 61-90 Days | 91-180 Days | 180+ Days | Total outstanding |
| Gross carrying amount | | | 307 | 244 | 106 | 132 | 1,335 | 2,124 |
| Expected loss rate | | | 0% | 0% | 0% | 0% | 98% | 62% |
| Expected credit losses (Loss allowance provision) | | | - | - | - | - | 1,309 | 1,309 |
| Carrying amount of trade receivables (net of impairment) | | | 307 | 244 | 106 | 132 | 26 | 815 |

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

| Particulars | | Category | Asset group | Estimated gross carrying amount at default | Expected probability of default | Expected credit losses | Carrying amount net of impairment provision | | |
|---|--|---|--|--|---------------------------------|------------------------|---|-----------|-------------------|
| March 31, 2019 | | | | | | | | | |
| (a) Expected credit loss for loans and other financial assets at amortised cost | | | | | | | | | |
| Loss allowance measured at 12 month expected credit losses | Financial assets for which credit risk has not increased significantly since initial recognition | High quality assets, negligible credit risk | Loans at amortised cost | 1,868 | 0% | - | 1,868 | | |
| | | High quality assets, negligible credit risk | Other financial assets at amortised cost | 46 | 0% | - | 46 | | |
| | | Low quality assets, very high credit risk | Other financial assets at amortised cost | 434 | 13% | 56 | 378 | | |
| Loss allowance measured at life-time expected credit losses | Financial assets where there is a high probability of default | Low quality assets, very high credit risk | Loans at amortised cost | 17,283 | 100% | 17,283 | - | | |
| (b) Expected credit loss for trade receivables under simplified approach | | | | | | | | | |
| Ageing | | | | 0-30 Days | 31-60 Days | 61-90 Days | 91-180 Days | 180+ Days | Total outstanding |
| Gross carrying amount | | | | 293 | 312 | 42 | 148 | 1,338 | 2,133 |
| Expected loss rate | | | | 0% | 0% | 0% | 0% | 93% | 58% |
| Expected credit losses (Loss allowance provision) | | | | - | - | - | - | 1,243 | 1,243 |
| Carrying amount of trade receivables (net of impairment) | | | | 293 | 312 | 42 | 148 | 95 | 890 |

32.8 Liquidity risk management

The Company manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

32.8.1 Liquidity and interest risk tables

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

| Particulars | Average effective interest rate(%) | Less than 1 year | 1-2 years | 2 years & above | Total carrying value |
|---------------------------------|------------------------------------|------------------|-----------|-----------------|----------------------|
| March 31, 2020 | | | | | |
| Non-interest bearing | - | 635 | - | - | 635 |
| Fixed interest rate instruments | - | - | - | - | - |
| | | 635 | - | - | 635 |
| March 31, 2019 | | | | | |
| Non-interest bearing | - | 840 | - | - | 840 |
| Fixed interest rate instruments | 10.0% | 3 | - | - | 3 |
| | | 843 | - | - | 843 |

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

32.9 Fair value measurements**Fair value hierarchy**

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

There are no financial assets and liabilities measured at fair value as at March 31, 2020 and March 31, 2019

There have been no transfers between Level 1 and Level 2 during the year ended March 31, 2020 and March 31, 2019

Valuation Methodologies

Investments in mutual funds: The Company's investments consist primarily of investment in debt linked mutual funds. Fair values of investment securities classified as fair value through profit and loss are determined using the closing NAV and are classified as Level 1.

Fair value of financial assets and financial liabilities that are not measured at fair value

The management assessed that fair value of cash and cash equivalents, trade receivables, trade payables, other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

33 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

DXC Technology Company

Intermediate holding companies

Computer Sciences Corporation, USA ('CSC, USA')

CSC Computer Sciences International Inc.

Lux 1 Holding Company, Inc.

CSC Computer Sciences International S.a.r.l.

DXC Lux 5 S.a.r.l.

CSC Computer Sciences Holdings S.a.r.l.

DXC Lux 6 S.a.r.l.

CSC Computer Sciences International Holdings Limited

CSC Computer Sciences International Services Limited

CSC Computer Sciences International Limited

CSC Computer Sciences International Operations Limited

Xchanging Holdings Limited

Xchanging B.V.

Immediate holding company

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

(ii) Subsidiary companies

Xchanging Solutions (Europe) Limited, UK ('XSEL, UK')

Xchanging Solutions (Singapore) Pte Limited, Singapore ('XSSPL, Singapore')

Xchanging Solutions (USA) Inc, USA ('XSUI, USA')

Xchanging Solutions (Malaysia) Sdn Bhd, Malaysia ('XSMSB, Malaysia') (Wholly owned subsidiary of Xchanging Solutions (Singapore) Pte Limited)

Nexplicit Infotech India Private Limited, India ('NIPL, India') (Wholly owned subsidiary of Xchanging Solutions (USA) Inc)

(iii) Key Managerial Personnel (KMP)Executive Director &
Chief Financial Officer

Shrenik Kumar Champalal

Executive Director &
Chief Executive Officer

Chandrasekhara Boddaju Rao

Company Secretary

Mayank Jain (Upto October 31, 2019)

Company Secretary

Aruna Mohandoss (from November 13, 2019)

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

2) Other Related Parties with whom transactions have taken place during the year:**Fellow subsidiaries**

Xchanging Builders (India) Private Limited, India ('XBPL, India')
Xchanging Global Insurance Solutions Ltd., UK ('XGISL, UK')
Xchanging Technology Services India Private Limited, India ('XTSIPL, India')
Xchanging UK Limited, UK ('XUKL, UK')
DXC Technology India Private Limited, India (previously known as CSC Technologies India Private Limited) ('DXC, India')
CSC Deutschland GmbH, Germany ('CSC, Germany')
EIT Services India Private Limited, India ('EIT, India')
ESIT Canada Enterprise Services Co, Canada ('ESIT, Canada')
CSC Consulting Inc., USA ('CSC Consulting, USA')
Enterprise Services LLC, USA ('Enterprise, USA')
CSC Corp - FSG US, USA ('CSC Corp, USA')
MSS-Americas Outsourcing, USA ('Americas Outsourcing, USA')
Xchanging Pty Limited, Australia ('Xchanging, Australia')
Service Mesh Inc., USA ('Service, USA') (effective from current financial year)

| B. Summary of transactions with related parties is as follows: | Holding companies | | Subsidiary companies | | Fellow subsidiaries | | Total | |
|--|--------------------|--------------------|----------------------|--------------------|---------------------|--------------------|--------------------|--------------------|
| | For the year ended | For the year ended | For the year ended | For the year ended | For the year ended | For the year ended | For the year ended | For the year ended |
| | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 |

Expenses paid on behalf of the Company:

| | | | | | | | | |
|------------------|---|---|-----------|-----------|------------|------------|------------|------------|
| XSSPL, Singapore | - | - | 24 | 16 | - | - | 24 | 16 |
| XUKL, UK | - | - | - | - | 35 | 43 | 35 | 43 |
| XTSIPL, India | - | - | - | - | 47 | 25 | 47 | 25 |
| DXC, India | - | - | - | - | 118 | 171 | 118 | 171 |
| Service, USA | - | - | - | - | 3 | - | 3 | - |
| EIT, India | - | - | - | - | 103 | 46 | 103 | 46 |
| Total | - | - | 24 | 16 | 306 | 285 | 330 | 301 |

Expenses paid on behalf of the related party:

| | | | | | | | | |
|---------------|---|---|----------|---|---|----------|----------|----------|
| XTSIPL, India | - | - | - | - | - | 2 | - | 2 |
| NI IPL, India | - | - | 3 | - | - | - | 3 | - |
| Total | - | - | 3 | - | - | 2 | 3 | 2 |

Interest income on loans:

| | | | | | | | | |
|---------------|---|---|---|---|------------|------------|------------|------------|
| XTSIPL, India | - | - | - | - | 108 | 108 | 108 | 108 |
| XBPL, India | - | - | - | - | 89 | 116 | 89 | 116 |
| Total | - | - | - | - | 197 | 224 | 197 | 224 |

Revenue:

| | | | | | | | | |
|---------------------|---|---|-------|-------|-----|-----|-------|-------|
| XSUI, USA | - | - | 1,394 | 1,660 | - | - | 1,394 | 1,660 |
| XGISL, UK | - | - | - | - | 42 | 223 | 42 | 223 |
| XTSIPL, India | - | - | - | - | 60 | - | 60 | - |
| DXC, India | - | - | - | - | 552 | 598 | 552 | 598 |
| ESIT, Canada | - | - | - | - | - | 1 | - | 1 |
| EIT, India | - | - | - | - | 30 | 40 | 30 | 40 |
| CSC Consulting, USA | - | - | - | - | 16 | 56 | 16 | 56 |

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

| | | | | | | | | |
|---------------------------|---|---|--------------|--------------|--------------|--------------|--------------|--------------|
| Enterprise, USA | - | - | - | - | 299 | 4 | 299 | 4 |
| CSC Corp, USA | - | - | - | - | - | 13 | - | 13 |
| Americas Outsourcing, USA | - | - | - | - | 103 | 190 | 103 | 190 |
| CSC, Germany | - | - | - | - | - | 14 | - | 14 |
| Total | - | - | 1,394 | 1,660 | 1,102 | 1,139 | 2,496 | 2,799 |

Other Income:

| | | | | | | | | |
|---------------|---|---|------------|---|---|----------|------------|----------|
| XTSIPL, India | - | - | - | - | - | 3 | - | 3 |
| XSEL, UK | - | - | 395 | - | - | - | 395 | - |
| Total | - | - | 395 | - | - | 3 | 395 | 3 |

Purchase of Asets:

| | | | | | | | | |
|--------------|---|---|---|---|-----------|---|-----------|---|
| EIT, India | - | - | - | - | 18 | - | 18 | - |
| Total | - | - | - | - | 18 | - | 18 | - |

Note:

(i) Amount below the rounding off norm adopted by the Company i.e. Rs 1 Lakh are not considered above

| C. Summary of balances of related parties is as follows: | Holding companies | | Subsidiary companies | | Fellow subsidiaries | | Total | |
|--|-------------------|----------------|----------------------|----------------|---------------------|----------------|----------------|----------------|
| | As at | As at | As at | As at | As at | As at | As at | As at |
| | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 |

Trade Receivables:

| | | | | | | | | |
|---------------------------|---|---|------------|------------|-----------|------------|------------|------------|
| XSUI, USA | - | - | 335 | 289 | - | - | 335 | 289 |
| XGISL, UK | - | - | - | - | 8 | 22 | 8 | 22 |
| DXC, India | - | - | - | - | 42 | 40 | 42 | 40 |
| EIT, India | - | - | - | - | 4 | 48 | 4 | 48 |
| CSC Consulting, USA | - | - | - | - | 3 | 27 | 3 | 27 |
| Enterprise, USA | - | - | - | - | 24 | 4 | 24 | 4 |
| XTSIPL, India | - | - | - | - | 6 | - | 6 | - |
| Americas Outsourcing, USA | - | - | - | - | - | 7 | - | 7 |
| Total | - | - | 335 | 289 | 87 | 148 | 422 | 437 |

Trade Payables:

| | | | | | | | | |
|--|---|---|-----------|------------|------------|------------|------------|------------|
| XSSPL, Singapore | - | - | 6 | 16 | - | - | 6 | 16 |
| NIPL, India | - | - | 85 | 85 | - | - | 85 | 85 |
| XSEL, UK | - | - | 4 | - | - | - | 4 | - |
| XUKL, UK | - | - | - | - | 31 | 39 | 31 | 39 |
| XGISL, UK | - | - | - | - | 101 | 97 | 101 | 97 |
| XTSIPL, India | - | - | - | - | 4 | 2 | 4 | 2 |
| DXC, India | - | - | - | - | - | 18 | - | 18 |
| Americas Outsourcing, USA (Unearned revenue) | - | - | - | - | - | 49 | - | 49 |
| Xchanging, Australia | - | - | - | - | - | 8 | - | 8 |
| XSUI, USA | - | - | 3 | - | - | - | 3 | - |
| Service, USA | - | - | - | - | 3 | - | 3 | - |
| EIT, India | - | - | - | - | 65 | 50 | 65 | 50 |
| Total | - | - | 98 | 101 | 204 | 263 | 302 | 364 |

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

Expenses Recoverable:

| | | | | | | | | |
|---------------|---|---|----------|---|-----------|-----------|-----------|-----------|
| XTSIPL, India | - | - | - | - | 11 | 1 | 11 | 1 |
| NI IPL, India | - | - | 4 | - | - | - | 4 | - |
| DXC, India | - | - | - | - | 10 | 39 | 10 | 39 |
| Total | - | - | 4 | - | 21 | 40 | 25 | 40 |

Loans and Advances (including interest accrued):

| | | | | | | | | |
|---------------|---|---|---------------|---------------|--------------|--------------|---------------|---------------|
| XTSIPL, India | - | - | - | - | 908 | 916 | 908 | 916 |
| XSUI, USA | - | - | 17,283 | 17,283 | - | - | 17,283 | 17,283 |
| XBPL, India | - | - | - | - | 725 | 985 | 725 | 985 |
| Total | - | - | 17,283 | 17,283 | 1,633 | 1,901 | 18,916 | 19,184 |

Provision for doubtful advances:

| | | | | | | | | |
|--------------|---|---|-----------------|-----------------|---|---|-----------------|-----------------|
| XSUI, USA | - | - | (17,283) | (17,283) | - | - | (17,283) | (17,283) |
| Total | - | - | (17,283) | (17,283) | - | - | (17,283) | (17,283) |

Note:

(i) Amount below the rounding off norm adopted by the Company i.e. Rs 1 Lakh are not considered above

D. Remuneration paid to the key managerial personnel

| Particulars | For the year ended | For the year ended |
|-----------------------|--------------------|--------------------|
| | Mar 31, 2020 | Mar 31, 2019 |
| Salaries, bonus, etc. | 62 | 95 |
| Total | 62 | 95 |

Note:

(i) As gratuity and compensated absences provision are computed for all the employees in aggregate, the amounts relating to key managerial personnel cannot be individually identified.

34 LEASES

(Refer note 2.4)

A. Break-up of current and non-current lease liabilities :

The following is the break-up of current and non-current lease liabilities as at March 31, 2020

| Particulars | As at Mar 31, 2020 |
|-------------------------------|--------------------|
| Current lease liabilities | 66 |
| Non-current lease liabilities | 118 |
| Total | 184 |

B. Movement in Lease liabilities :

The following is the movement in lease liabilities during the year ended March 31, 2020

| Particulars | As at Mar 31, 2020 |
|--|--------------------|
| Balance as at April 1, 2019 | - |
| Reclassified on account of adoption of IND AS 116 (Refer note 2.4) | 64 |
| Additions | 165 |
| Finance costs accrued during the period | 11 |
| Payment of Lease liabilities | (56) |
| Balance as at March 31, 2020 | 184 |

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

C. The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2020 on an undiscounted basis:

| Particulars | As at Mar 31, 2020 |
|----------------------|-----------------------|
| Less than one year | 77 |
| One to five years | 131 |
| More than five years | - |
| Total | 208 |

D. The impact of changes in accounting policy on account of adoption of Ind AS 116 is as follows:

| Particulars | Amount in Rs. Lakhs |
|------------------------------------|------------------------|
| Increase in lease liability by | 184 |
| Increase in rights of use by | 176 |
| Increase in deferred tax assets by | 2 |
| Increase in finance cost by | 11 |
| Increase in depreciation by | 53 |

E. Amounts recognized in profit or loss:

| Particulars | For the year ended Mar 31, 2020 |
|---|------------------------------------|
| Interest on lease liabilities | 11 |
| Expenses relating to short- term leases | 15 |

F. Amounts recognized in statement of cash flows

| Particulars | For the year ended Mar 31, 2020 |
|--------------------------------|------------------------------------|
| Total cash outflows for leases | 56 |

G. Effective April 1, 2019, the Company adopted Ind AS 116 "Leases", applied to all lease contracts existing on April 1, 2019 using the Simplified approach and accordingly, comparatives for the year ended March 31, 2019 have not been retrospectively adjusted. The adoption of the new standard resulted in recognition of Right-of-Use (ROU) of Rs. 64 and a lease liability of Rs. 64. The effect of this adoption is insignificant on the profit for the period and earnings per share.

| | As at Mar 31, 2020 | As at Mar 31, 2019 |
|---|-----------------------|-----------------------|
| 35 CAPITAL AND OTHER COMMITMENTS | | |
| (a) Capital Commitments | | |
| Estimated value of contracts in capital account remaining to be executed (net of advances) | 4 | 2 |
| (b) Other Commitments | | |
| (i) As at March 31, 2019, Xchanging Solutions (USA) Inc, USA, Company's wholly owned subsidiary, has negative net assets amounting to Rs. 17,580 (2019: Rs. 18,447). While the subsidiary is confident of generating funds from their operations, the Company intends to support the shortfall, if any. | | |
| | As at Mar 31, 2020 | As at Mar 31, 2019 |
| 36 CONTINGENT LIABILITIES (Refer note 2.11) | | |
| (i) Claims against the Company not acknowledged as debts: | | |
| Income tax matters [Note (b)] | 1,270 | 1,177 |
| Service tax matters [Note (c)] | 2,359 | 2,359 |
| | 3,629 | 3,536 |

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

- (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 1,821, 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.

37 CORPORATE SOCIAL RESPONSIBILITY (CSR)

As per Sec 135 of the Companies Act, 2013 applicable in the current year, gross amount required to be spent by the Company during the year is Rs 21 (2019: Rs 20) on various CSR initiatives. Amount spent during the year are mentioned below:

| Sector in which the project is covered | NGO Name | For the year ended Mar 31, 2020 | For the year ended Mar 31, 2019 |
|--|--|---------------------------------|---------------------------------|
| Education of underprivileged children | U&I Trust | 21 | - |
| Promoting education, including special education | The College student & Graduates Association of the Blind | - | 5 |
| Promoting education, including special education | Samarthanam Trust for the Disabled | - | 15 |
| Eradicating hunger, poverty and malnutrition | The Akshaya Patra Foundation | - | * |
| Total | | 21 | 20 |

* Amount spent is Rs 25,000/-

- 38** The Company has strategic gross investment amounting to Rs. 11,224 (2019: 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 (2019: 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 year end using cash flow projections based on financial forecast approved by the management covering a five-year period. 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 required to be impaired. Further, the Company has granted loans and advances aggregating to Rs. 17,283 (2019: 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) from the subsidiary amounting to Rs. 335 (2019: Rs. 289), based on the evaluation of recoverability, the net receivables is considered good and recoverable.
- 39** The Company has strategic gross investments amounting to Rs. 2,222 (2019: Rs. 2,222) in Xchanging Solutions (Europe) Limited, UK (“XSEL”), its wholly owned subsidiary. Based on assessment of diminution in the value of investments, the Company has made a provision of Rs. 2,222 (2019: Rs. 2,222) in prior years considering it to be “a decline other than temporary”. XSEL reduced its share capital from £2,664,278 (divided into 2,664,278 shares of £ 1 each) to £ 1 (divided into 1 share of £ 1 each) on May 15, 2019. XSEL declared and paid dividend to the Company on May 20, 2019. Board of the Company approved liquidation of XSEL on May 23, 2019 and the liquidation is still under process.

40 Open offer and minimum public shareholding (MPS)

Pursuant to an offer for sale undertaken on June 10, 2019 and June 11, 2019, Xchanging Technology Services India Private Limited, a promoter of the Company, sold 17,599,461 equity share representing 15.8% of the share capital of the Company, thereby increasing the public shareholding to 25%. On completion of the offer for sale on June 11, 2019, the promoter shareholding in the Company is at 75% and the public shareholding is at 25% thereby complying with the minimum public shareholding requirements under Rule 19A of the Securities Contract Regulation Rules, 1957.

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

41 The Company has adopted the option of lower tax rate as provided in the Taxation Law Amendment Act, 2019 and the consequent impact on the tax expense has been considered for the year ended March 31, 2020.

42 Transfer Pricing

The Company has carried out international 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 year, 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 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 year.

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

Loans given to subsidiary/ fellow subsidiaries in which directors are interested:

| Name of the party | Relationship | Amount outstanding as at March 31, 2020 | Maximum balance outstanding during the year |
|---|-----------------|---|---|
| Xchanging Technology Services India Private Limited | Common Director | 908 (916) | 934 (926) |
| Xchanging Builders (India) Private Limited | Common Director | 725 (985) | 985 (988) |
| Xchanging Solutions (USA) Inc (effective from current financial year) | Common Director | 17,283 - | 17,283 - |

Note: Figures in bracket relate to previous year
For Investment in subsidiaries refer note 7

44 Events after the reporting period

There are no events after the reporting period.

45 Approval of financial statements

The financial statements of the Company have been reviewed and recommended by the Audit Committee to the Board, and approved by the Board of Directors at its meeting held on May 22, 2020.

46 Previous year figures

Previous year figures have been regrouped / reclassified wherever necessary.

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

Bhavani Balasubramanian
Partner

Place: Chennai
Date: May 22, 2020

For and on behalf of the Board of Directors

Chandrasekhara Rao Boddaju
Managing Director and
Chief Executive Officer
DIN : 08185777

Place: Hyderabad
Date: May 22, 2020

Shrenik Kumar Champalal
Whole Time Director and
Chief Financial Officer
DIN : 08099410

Place: Bengaluru
Date: May 22, 2020

Aruna Mohandoss
Company Secretary
Place: Chennai
Date: May 22, 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF XCHANGING SOLUTIONS LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **Xchanging Solutions Limited** ("the Parent") and its subsidiaries, (the Parent and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2020, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS'), and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2020, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 3.1 (v) of the consolidated financial statements which describes the management assessment of the impact of the outbreak of Covid-19 on revenue, trade receivables including unbilled receivables and investments. The management believes that no adjustment is required in the financial statement as it does not impact the current financial year. However, in view of highly uncertain economic environment and its likely effect on future service revenue due to Covid-19, a definitive assessment of the impact on the subsequent periods is dependent upon circumstances as they evolve. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

| Sr. No. | Key Audit Matter | Auditor's Response |
|---------|---|--|
| 1 | <p>Evaluation of uncertain tax positions</p> <p>The Group has material uncertain tax positions including matters under dispute which involves significant judgment due to existence of multiple uncertain tax positions leading to disputes / litigations and there are interpretation of various rules and law. It also involves consideration of on-going disputes and disclosures of related contingencies to determine the possible outcome of these disputes</p> <p>Refer Notes 3.1 (ii) and 20 of the Consolidated financial statements.</p> | <p>Principal Audit Procedures</p> <p>We performed the following substantive procedures:</p> <ul style="list-style-type: none">• Evaluated the design of internal controls relating to the uncertain tax positions and tested the operative effectiveness of these controls.• Obtained details of completed tax assessments and demands for the year ended March 31, 2020 from the management.• We involved our internal experts to challenge the management's underlying assumptions in estimating the tax provision and the possible outcome of the disputes.• Our internal experts also considered the legal precedence and other rulings in evaluating management's position on these uncertain tax positions. Additionally, we considered the effect of new information in respect of uncertain tax positions as at April 1, 2019 to evaluate whether any change was required to management's position on these uncertainties. |

Independent Auditor's Report

Information Other than the Financial Statements and Auditor's Report Thereon

- The Parent's Board of Directors is responsible for the preparation of other information. The other information comprises the information included in the Boards' Report including Annexures to the Board's Report, Management Discussion and Analysis Report and Corporate Governance Report including annexures thereon but does not include the consolidated financial statements and our auditor's report thereon.
- Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Consolidated Financial Statements

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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 Parent, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate or cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's

Independent Auditor's Report

report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the subsidiaries within the Group to express an opinion on the consolidated financial statements. We remain solely responsible for our audit opinion.

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

We communicate with those charged with governance of the Parent and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Other Matter

- (a) We did not audit the financial information of three subsidiaries, whose financial information reflect total assets of Rs. 153 Lakhs as at March 31, 2020, total revenues of Nil and net cash outflows amounting to Rs. 396 lakhs 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, 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 above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to the financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the financial information of the subsidiaries referred to in the Other Matter section above 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 including Other Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors of the Parent as on March 31, 2020 taken on record by the Board of Directors of the Company, none of the directors of the Parent Company is disqualified as on March 31, 2020 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 Parent. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

Independent Auditor's Report

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

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended 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 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 Parent.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Bhavani Balasubramanian
(Partner)
(Membership No. 22156)
UDIN: 20022156AAAAAN5312

Chennai, May 22, 2020

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")

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of **Xchanging Solutions Limited** (hereinafter referred to as "Parent"), as of that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Parent, 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 ("the ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Parent'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 Parent'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 the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's 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 Parent'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.

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.

Independent Auditor's Report

Opinion

In our opinion to the best of our information and according to the explanations given to us, the Parent 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 March 31, 2020, 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's Registration No. 117366W/W-100018)

Bhavani Balasubramanian
(Partner)
(Membership No. 22156)
UDIN: 20022156AAAAAN5312

Chennai, May 22, 2020

CONSOLIDATED BALANCE SHEET

XCHANGING SOLUTIONS LIMITED CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2020

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

| | Note | As at Mar 31, 2020 | As at Mar 31, 2019 |
|--------------------------------------|------|-----------------------|-----------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 4 | 48 | 31 |
| Right of use assets | 5 | 221 | - |
| Other intangible assets | 6 | 3 | 5 |
| Goodwill on consolidation | 7 | 15,841 | 15,841 |
| Financial assets | | | |
| Loans | 8 | 218 | 1,618 |
| Other financial assets | 9 | - | 10 |
| Deferred tax assets (net) | 10 | 338 | 754 |
| Other non-current assets | 11 | 1,730 | 1,658 |
| Total non-current assets | | 18,399 | 19,917 |
| Current assets | | | |
| Financial assets | | | |
| Trade receivables | 12 | 2,071 | 2,877 |
| Cash and cash equivalents | 13 | 32,588 | 25,691 |
| Bank balances other than above | 14 | 117 | 247 |
| Loans | 8 | 1,400 | 250 |
| Other financial assets | 9 | 2,548 | 2,093 |
| Other current assets | 11 | 170 | 258 |
| Total current assets | | 38,894 | 31,416 |
| Total assets | | 57,293 | 51,333 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity share capital | 15 | 11,140 | 11,140 |
| Other equity | 16 | 38,470 | 32,182 |
| Total equity | | 49,610 | 43,322 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Financial liabilities | | | |
| Lease liabilities | 34 | 118 | - |
| Provisions | 17 | 333 | 303 |
| Total non-current liabilities | | 451 | 303 |

Consolidated Balance sheet

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

| | Note | As at | As at |
|--|------|---------------|---------------|
| | | Mar 31, 2020 | Mar 31, 2019 |
| Current liabilities | | | |
| Financial liabilities | | | |
| Lease liabilities | 34 | 113 | - |
| Trade payables | | | |
| Total outstanding dues of micro enterprises and small enterprises | 18 | - | 1 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 18 | 3,199 | 3,130 |
| Other financial liabilities | 19 | 31 | 10 |
| Provisions | 17 | 90 | 77 |
| Current tax liabilities (net) | 20 | 3,487 | 4,001 |
| Other current liabilities | 21 | 312 | 489 |
| Total current liabilities | | 7,232 | 7,708 |
| Total liabilities | | 7,683 | 8,011 |
| Total equity and liabilities | | 57,293 | 51,333 |

See accompanying notes to the consolidated financial statements

In terms of our report attached.

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

For and on behalf of the Board of Directors

Bhavani Balasubramanian
Partner

Chandrasekhara Rao Boddaju
Managing Director and
Chief Executive Officer
DIN : 08185777

Shrenik Kumar Champalal
Whole Time Director and
Chief Financial Officer
DIN : 08099410

Place: Chennai
Date: May 22, 2020

Place: Hyderabad
Date: May 22, 2020

Place: Bengaluru
Date: May 22, 2020

Aruna Mohandoss
Company Secretary
Place: Chennai
Date: May 22, 2020

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

XCHANGING SOLUTIONS LIMITED CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

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

| | Note | For the year ended | For the year ended |
|--|------|--------------------|--------------------|
| | | Mar 31, 2020 | Mar 31, 2019 |
| Revenue from operations | 22 | 18,226 | 18,410 |
| Other income | 23 | 1,268 | 1,455 |
| Total Income | | 19,494 | 19,865 |
| Expenses | | | |
| Employee benefits expense | 24 | 7,634 | 8,825 |
| Finance costs | 25 | 13 | 1 |
| Depreciation and amortisation expense | 26 | 144 | 47 |
| Other expenses | 27 | 5,774 | 5,312 |
| Total expenses | | 13,565 | 14,185 |
| Profit before tax | | 5,929 | 5,680 |
| Tax expense/ (benefit) | | | |
| Current tax | 28 | 1,114 | 962 |
| Current tax- for the earlier years | | (796) | 15 |
| Deferred tax | 28 | 141 | 32 |
| Total tax expense | | 459 | 1,009 |
| Profit for the period | | 5,470 | 4,671 |
| Other comprehensive income | | | |
| (A) (i) Items that will not be reclassified to profit or loss | | | |
| - Remeasurements of the defined benefit plans | | 4 | 35 |
| (ii) Income tax relating to items that will not be reclassified to profit or loss | | (1) | (10) |
| (B) (i) Items that may be reclassified to profit or loss | | | |
| - Exchange differences in translating the financial statements of foreign operations | | 1,089 | 378 |
| (ii) Income tax relating to items that may be reclassified to profit or loss | | (274) | (110) |
| Total other comprehensive income | | 818 | 293 |
| Total Comprehensive Income for the period | | 6,288 | 4,964 |
| Earnings per Equity Share (of Rs.10 each) | 30 | | |
| Basic- In Rs | | 4.91 | 4.19 |
| Diluted- In Rs | | 4.91 | 4.19 |

See accompanying notes to the consolidated financial statements

In terms of our report attached.

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

Bhavani Balasubramanian
Partner

Place: Chennai
Date: May 22, 2020

For and on behalf of the Board of Directors

Chandrasekhara Rao Boddaju
Managing Director and
Chief Executive Officer
DIN : 08185777

Place: Hyderabad
Date: May 22, 2020

Shrenik Kumar Champalal
Whole Time Director and
Chief Financial Officer
DIN : 08099410

Place: Bengaluru
Date: May 22, 2020

Aruna Mohandoss
Company Secretary
Place: Chennai
Date: May 22, 2020

XCHANGING SOLUTIONS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

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

a EQUITY SHARE CAPITAL

| | |
|---|---------------|
| Balance at April 1, 2018 | 11,140 |
| Changes in equity share capital during the year | - |
| Balance at March 31, 2019 | 11,140 |
| Changes in equity share capital during the year | - |
| Balance at March 31, 2020 | 11,140 |

b OTHER EQUITY

| Particulars | Reserves & Surplus | | | Items of other comprehensive income | Total other equity |
|---|--------------------|--------------------|-------------------|--------------------------------------|--------------------|
| | Capital reserve | Securities premium | Retained earnings | Foreign currency translation reserve | |
| Balance as of April 1, 2018 | 361 | 8,417 | 18,394 | 46 | 27,218 |
| Profit for the year | - | - | 4,671 | - | 4,671 |
| Other comprehensive income for the year, net of tax | - | - | 25 | 268 | 293 |
| Balance as of March 31, 2019 | 361 | 8,417 | 23,090 | 314 | 32,182 |

| Particulars | Reserves & Surplus | | | Items of other comprehensive income | Total other equity |
|---|--------------------|--------------------|-------------------|--------------------------------------|--------------------|
| | Capital reserve | Securities premium | Retained earnings | Foreign currency translation reserve | |
| Balance as of April 1, 2019 | 361 | 8,417 | 23,090 | 314 | 32,182 |
| Profit for the year | - | - | 5,470 | - | 5,470 |
| Other comprehensive income for the year, net of tax | - | - | 3 | 815 | 818 |
| Balance as of March 31, 2020 | 361 | 8,417 | 28,563 | 1,129 | 38,470 |

See accompanying notes to the consolidated financial statements

In terms of our report attached.

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

For and on behalf of the Board of Directors

Bhavani Balasubramanian
Partner

Chandrasekhara Rao Boddaju
Managing Director and
Chief Executive Officer
DIN : 08185777

Shrenik Kumar Champalal
Whole Time Director and
Chief Financial Officer
DIN : 08099410

Place: Chennai
Date: May 22, 2020

Place: Hyderabad
Date: May 22, 2020

Place: Bengaluru
Date: May 22, 2020

Aruna Mohandoss
Company Secretary
Place: Chennai
Date: May 22, 2020

CONSOLIDATED CASH FLOW STATEMENT

XCHANGING SOLUTIONS LIMITED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2020

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

| | For the year ended | For the year ended |
|---|-----------------------|-----------------------|
| | Mar 31, 2020 | Mar 31, 2019 |
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before tax | 5,929 | 5,680 |
| Adjustments for: | | |
| Depreciation and amortisation expense | 144 | 47 |
| Profit on sale of property, plant and equipment | (2) | (8) |
| Foreign exchange loss - unrealised | 74 | (36) |
| Interest income | (1,042) | (298) |
| Dividend income | - | (542) |
| Provision for doubtful advances | 13 | 78 |
| Provision for doubtful debts | - | 7 |
| Liabilities no longer required written back | - | (211) |
| Other provisions no longer required written back | (120) | (315) |
| Bad debts written off | - | 41 |
| Finance cost including lease liability (Refer note 34) | 13 | 1 |
| Other non cash adjustments | 3 | 25 |
| Operating profit before working capital changes | 5,012 | 4,469 |
| Changes in working capital: | | |
| <i>Adjustments for (increase) / decrease in operating assets:</i> | | |
| Trade receivables | 889 | 329 |
| Other current assets | 183 | 41 |
| Loans & other financial assets and other assets | (470) | 981 |
| <i>Adjustments for increase / (decrease) in operating liabilities:</i> | | |
| Trade payables | (177) | (446) |
| Other financial liabilities and other liabilities | (47) | 144 |
| Provisions | 43 | (46) |
| Cash generated from operations | 5,433 | 5,472 |
| Taxes paid (net of refunds) | (859) | (658) |
| Net cash generated from operating activities (A) | 4,574 | 4,814 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (40) | (28) |
| Proceeds from sale of property, plant and equipment | 2 | 8 |
| Dividend income | - | 542 |
| Proceeds from loans | 250 | - |
| Deposits with banks with maturity period more than 3 months but less than 12 months | 130 | 258 |
| Deposits with banks with maturity period more than 12 months | - | 16 |
| Interest received | 1,029 | 289 |
| Net cash generated from investing activities (B) | 1,371 | 1,085 |

Consolidated Cash Flow Statement

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

| | For the year ended | For the year ended |
|---|-----------------------|-----------------------|
| | Mar 31, 2020 | Mar 31, 2019 |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Repayment from non-current borrowings | (3) | (8) |
| Payment of lease liabilities | (107) | - |
| Finance cost including lease liability (Refer note 34) | (13) | (1) |
| Net cash used in financing activities (C) | (123) | (9) |
| Net increase in cash and cash equivalents (A + B + C) | 5,822 | 5,890 |
| Cash and cash equivalents at the beginning of the year | 25,691 | 19,503 |
| Effect of exchange differences on balances with banks in foreign currency | 1,075 | 298 |
| Cash and cash equivalents at the end of the year | 32,588 | 25,691 |
| Cash on hand | - | - |
| Balances with banks: | | |
| In current accounts | 16,486 | 11,739 |
| Funds in transit | 133 | - |
| Demand deposits (less than 3 months maturity) | 15,930 | 13,941 |
| Effect of exchange differences on balances with banks in foreign currency | 39 | 11 |
| Net cash and cash equivalents included in note 13 | 32,588 | 25,691 |
| Cash and cash equivalents | 32,588 | 25,691 |

Notes:

(1) Figures in brackets indicate cash outflow.

See accompanying notes to the consolidated financial statements

In terms of our report attached.

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

Bhavani Balasubramanian
Partner

Place: Chennai
Date: May 22, 2020

For and on behalf of the Board of Directors

Chandrasekhara Rao Boddaju
Managing Director and
Chief Executive Officer
DIN : 08185777

Place: Hyderabad
Date: May 22, 2020

Shrenik Kumar Champalal
Whole Time Director and
Chief Financial Officer
DIN : 08099410

Place: Bengaluru
Date: May 22, 2020

Aruna Mohandoss
Company Secretary
Place: Chennai
Date: May 22, 2020

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. Xchanging Technology Services India Private Limited, ("XTSIPL") sold 15.80% of its holding in the Company constituting 17,599,461 equity shares (15,839,515 Equity Shares sold on June 10, 2019 and 1,759,946 Equity Shares sold on June 11, 2019) of the Company through Offer for Sale during the year. As a result XTSIPL's holding in the Company has reduced to 19.16%. Also refer note 38.

2. Significant Accounting Policies

2.1 Basis of preparation and presentation

These consolidated financial statements relating to Xchanging Solutions Limited ('the Company') and its subsidiaries (together 'the Group') have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values at the end of each reporting period as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-bases payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below:

2.2 Basis of consolidation

2.2.1 Subsidiaries

- (A) Subsidiaries are all entities (including structured entities) over which the Company has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group.

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 and its subsidiaries as at and for the year ended March 31, 2020. All 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.

Notes forming part of the Consolidated Financial Statements

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

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:

| Name of the subsidiary | Country of incorporation | Ownership Interest | |
|--|--------------------------|--------------------|------|
| | | 2020 | 2019 |
| Direct subsidiaries: | | | |
| Xchanging Solutions (Singapore) Pte Limited | Singapore | 100% | 100% |
| Xchanging Solutions (Europe) Limited | United Kingdom | 100% | 100% |
| Xchanging Solutions (USA) Inc | USA | 100% | 100% |
| Step-down subsidiaries: | | | |
| Nexplicit Infotech India Private Limited (Wholly owned subsidiary of Xchanging Solutions (USA) Inc) | India | 100% | 100% |
| Xchanging Solutions (Malaysia) Sdn Bhd (Wholly owned subsidiary of Xchanging Solutions (Singapore) Pte Limited) | Malaysia | 100% | 100% |

2.3 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.

2.4 Revenue recognition

Revenue is recognised net of Goods and Services Tax (GST) to the extent that it is probable that economic benefit will flow to the Group and that revenue can be reliably measured. Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services. Arrangements with customers for software related services are either on a fixed-price or on a time-and-material basis.

- (i) Revenue on Time and Material contracts ("T&M") are recognised as the related services are performed and revenue from the end of the last invoicing to the reporting date is recognised as unbilled revenue. Revenue from fixed-price where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognised as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Maintenance revenue is recognised ratably over the term of the underlying maintenance arrangement.
- (ii) In arrangements for software development and related services and maintenance services, the Group has applied the guidance in Ind AS 115, Revenue from contract with customer, by applying the revenue recognition criteria for each distinct performance obligation. The arrangements with customers generally meet the criteria for considering software development and related services as distinct performance obligations. For allocating the transaction price, the Group has measured the revenue in respect of each performance obligation of a contract at its relative standalone selling price. The price that is regularly charged for an item when sold separately is the best evidence of its standalone selling price. In cases where the Group is unable to determine the standalone selling price, the Group uses the expected cost plus margin approach in estimating the standalone selling price. For software development and related services, the performance obligations are satisfied as and when the services are rendered since the customer generally obtains control of the work as it progresses.
- (iii) Contract modifications are accounted for when additions, deletions or changes are approved either to the contract scope or contract price. The accounting for modifications of contracts involves assessing whether the services added to an existing contract are distinct and whether the pricing is at the standalone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.
- (iv) Revenue from licenses where the customer obtains a "right to use" the licenses is recognised at the time the license is made available to the customer. Revenue from licenses where the customer obtains a "right to access" is recognised

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

over the access period. Arrangements to deliver software products generally have three elements: license, implementation and Annual Maintenance Contracts (AMC). The Group has applied the principles under Ind AS 115 to account for revenues from these performance obligations. When implementation services are provided in conjunction with the licensing arrangement and the license and implementation have been identified as two separate performance obligations, the transaction price for such contracts are allocated to each performance obligation of the contract based on their relative standalone selling prices. In the absence of standalone selling price for implementation, the performance obligation is estimated using the expected cost plus margin approach. Where the license is required to be substantially customized as part of the implementation service the entire arrangement fee for license and implementation is considered to be a single performance obligation and the revenue is recognised using the percentage-of-completion method as the implementation is performed. Revenue from support and other services arising due to the sale of software products is recognised as the performance obligations are satisfied. AMC revenue is recognised ratably over the period in which the services are rendered.

- (v) 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.
- (vi) 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.
- (vii) Unbilled revenue represents costs and earnings in excess of billings as at the balance sheet date.

2.5 Other Income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

2.6 Leases

As a lessee:

The Group's lease asset classes primarily consist of leases for buildings. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised. The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

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

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Group changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

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

In the comparative period, lease payments and receipts under operating leases are recognised as an expense and income respectively, on a straight line basis in the statement of profit and loss over the lease term except where the lease payments are structured to increase in line with expected general inflation.

Transition to Ind AS 116

Effective April 1, 2019, the Group adopted Ind AS 116 "Leases", applied to all lease contracts existing on April 1, 2019 using the Simplified approach and accordingly, comparatives for the year ended March 31, 2019 have not been retrospectively adjusted. The adoption of the new standard resulted in recognition of Right-of-Use (ROU) of Rs. 169 and a lease liability of Rs. 169. The effect of this adoption is insignificant on the profit for the period and earnings per share.

2.7 Foreign currencies

(i) Functional and presentation currency

The functional currency of Xchanging Solutions Limited and Nexexplicit Infotech India Private Limited is the Indian rupee. The functional currencies of Xchanging Solutions (Singapore) Pte Limited, Xchanging Solutions (Europe) Limited, Xchanging Solutions (USA) Inc and Xchanging Solutions (Malaysia) Sdn Bhd are the respective local currencies. These financial statements are presented in Indian rupee.

(ii) 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.

(iii) 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.

(iv) Translation of foreign operations:

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Indian Rupees using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

On the disposal of a 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.

2.8 Employee benefits

2.8.1 Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and

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

- remeasurement

The Group presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs. The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

2.8.2 Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries and annual leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits, are measured at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

2.9 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.9.1 Current tax

Income tax expense or credit for the period is the tax payable on the current period's taxable income using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The Group periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

2.9.2 Deferred tax

Deferred income tax assets and liabilities are recognized for all temporary difference arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred taxes and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.9.3 Current tax and deferred tax for the year

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity, in which case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

2.10 Property, plant and equipment and depreciation

- (i) Property, plant and equipment 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) Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation on Property, plant & equipment 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,

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

anticipated technological changes etc:

| Category of assets | Estimated useful life |
|------------------------|-----------------------|
| Servers (Computers) | 2 to 4 |
| Vehicles | 2 to 6 |
| Office equipment | 3 to 5 |
| Furniture and fixtures | 5 to 10 |

- (iii) 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.
- (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.

2.11 Intangible Assets and Amortisation

Intangible assets with finite useful lives are stated at cost of acquisition less accumulated amortisation 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. An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. 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. Intangible assets comprise of Goodwill and computer software.

- (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.

2.12 Impairment of tangible and intangible assets other than goodwill

The carrying values of tangible and intangible assets 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.

2.13 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.

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

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.

2.14 Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2.15 Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value depending on the classification of the Financial assets.

2.15.1 Classification of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost (except for financial assets that are designated at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For the impairment policy on financial assets measured at amortised cost, refer Note 2.15.3

Financial assets that meet the following conditions are subsequently measured at Fair Value Through Other Comprehensive Income ("FVTOCI") (except for financial assets that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in profit or loss for FVTOCI financial assets. For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income and accumulated under the heading of 'Reserve for financial assets through other comprehensive income'. When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve is reclassified to profit or loss.

For the impairment policy on financial assets at FVTOCI, refer Note 2.15.3 All other financial assets are subsequently measured at fair value.

2.15.2 Financial assets at fair value through profit or loss (FVTPL)

Financial assets that do not meet the amortised cost criteria or FVTOCI criteria are measured at FVTPL. In addition, financial assets that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line

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

item. Dividend on financial assets at FVTPL is recognised when the Group's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

2.15.3 Impairment of financial assets

In accordance with Ind AS 109, the Group applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the Financial assets that are initially measured at fair value with subsequent measurement at amortised cost e.g Trade receivables, unbilled revenue etc.

The Group follows 'simplified approach' for recognition of impairment loss allowance for trade receivables. The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets and risk exposure, the Group determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, twelve month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in the subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on a twelve month ECL.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original Effective Interest Rate (EIR).

Allowance for Trade receivables

The Group follows a 'simplified approach' (i.e. based on lifetime ECL) for recognition of impairment loss allowance on Trade receivables (including lease receivables). For the purpose of measuring lifetime ECL allowance for trade receivables, the Group estimates irrecoverable amounts based on the ageing of the receivable balances and historical experience. Further, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. Individual trade receivables are written off when management deems them not to be collectible.

2.15.4 Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

2.15.5 Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss.

2.16 **Financial liabilities**

Classification as debt

Debt are classified as financial liabilities in accordance with the substance of the contractual arrangements and the definitions of a financial liability

Financial liabilities

2.16.1 Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL, are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

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

2.16.2 Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in profit or loss.

2.16.3 Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired, An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.17 **Derivative financial instruments**

The Group enters into derivative financial instruments to manage its exposure to foreign exchange rate risks through foreign exchange forward contracts. Further details of derivative financial instruments are disclosed in note 32.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately.

2.18 **Use of estimates**

The preparation of the consolidated financial statements in conformity with Ind AS 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 consolidated 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.

2.19 **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.

2.20 **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.

2.21 **Segment Reporting**

Ind AS 108 establishes standards for the way that public business enterprises report information about operating segments and related disclosures about products and services, geographic areas, and major customers. Based on the 'management approach' as defined in Ind AS 108, the Chief Operating Decision Maker (CODM) evaluates the Company's performance based on an analysis of various performance indicators by business segments and geographic segments.

The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Group. 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 Group 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.

2.22 **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

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

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.

2.23 Project work expenses

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

2.24 GST input credit

GST 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.

2.25 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.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 2, the management of the Company is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations, that the management have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

- i) Impairment of goodwill- Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. No impairment for goodwill has been identified during the year.
- ii) Income taxes- The Group's three major tax jurisdictions are India, Singapore and the United States of America, though the Group also files tax returns in other foreign jurisdictions. Significant judgments are involved in determining the provision for income taxes, including the amount expected to be paid or recovered in connection with uncertain tax positions. Also refer to note 28.
- iii) Fair value measurements and valuation processes- Derivative financial instruments are measured at fair value and the gratuity liability is measured based on actuarial valuation for financial reporting purposes. In estimating the fair value and actuarial valuation, the Group uses market-observable data to the extent it is available. Where such inputs are not available, the Group engages third party qualified valuers to perform the valuation.
- iv) Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Group makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Group considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Group's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. Refer note no 2.6
- v) Estimation uncertainty relating to COVID-19 outbreak- The Group has considered internal sources of information up to the date of approval of the financial statements in determining the impact on various elements of its financial statements. The Group has used the principles of prudence in applying judgments, estimates and assumptions and based on the

Notes forming part of the Consolidated Financial Statements

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

current estimates, the Group expects to fully recover the carrying amount of trade receivables including unbilled receivables. The eventual outcome of impact of the global health pandemic may be different from those estimated as on the date of approval of these financial statements.

| | As at Mar 31, 2020 | As at Mar 31, 2019 |
|--|-----------------------|-----------------------|
| 4 PROPERTY, PLANT AND EQUIPMENT | | |
| (Refer note 2.10 and 2.12) | | |
| (Owned unless specified) | | |
| Carrying amounts of: | | |
| Leasehold Improvements | 10 | - |
| Computers | 30 | 22 |
| Vehicles | - | - |
| Office Equipment | 5 | 9 |
| Furniture and Fittings | 3 | - |
| | <u>48</u> | <u>31</u> |

The changes in the carrying value for the year ended March 31, 2020

| Particulars | Leasehold Improvements | Computers | Vehicles | Office Equipment | Furniture and Fittings | Total |
|--|------------------------|--------------|-----------|------------------|------------------------|--------------|
| Gross carrying value | | | | | | |
| Balance as at April 1, 2018 | - | 1,220 | 35 | 173 | 10 | 1,438 |
| Additions | - | 26 | - | - | - | 26 |
| Disposals | - | (104) | (7) | (4) | - | (115) |
| Translation | - | 3 | - | - | - | 3 |
| Balance as at March 31, 2019 | - | 1,145 | 28 | 169 | 10 | 1,352 |
| Additions | 15 | 25 | - | 2 | 3 | 45 |
| Disposals | - | (242) | (28) | (20) | - | (290) |
| Translation | - | 5 | - | - | - | 5 |
| Balance as at March 31, 2020 | 15 | 933 | - | 151 | 13 | 1,112 |
| Accumulated depreciation | | | | | | |
| Balance as at April 1, 2018 | - | 1,198 | 31 | 154 | 10 | 1,393 |
| Depreciation expense | - | 26 | 4 | 10 | - | 40 |
| Eliminated on disposals of assets | - | (104) | (7) | (4) | - | (115) |
| Translation | - | 3 | - | - | - | 3 |
| Balance as at March 31, 2019 | - | 1,123 | 28 | 160 | 10 | 1,321 |
| Depreciation expense | 5 | 17 | - | 6 | - | 28 |
| Eliminated on disposals of assets | - | (242) | (28) | (20) | - | (290) |
| Translation | - | 5 | - | - | - | 5 |
| Balance as at March 31, 2020 | 5 | 903 | - | 146 | 10 | 1,064 |
| Carrying value as at March 31, 2020 | 10 | 30 | - | 5 | 3 | 48 |
| Carrying value as at March 31, 2019 | - | 22 | - | 9 | - | 31 |

Notes forming part of the Consolidated Financial Statements

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

5 MOVEMENT IN RIGHT OF USE ASSETS:

(Refer note 2.6)

Following are the changes in the carrying value of right of use assets for the year ended March 31, 2020:

| Particulars | Leasehold Improvements |
|---|------------------------|
| Balance as at April 1, 2019 | - |
| Reclassified on account of adoption of IND AS 116 | 169 |
| Additions | 165 |
| Depreciation | (113) |
| Balance as at March 31, 2020 | 221 |

The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the Statement of Profit and Loss.

| | As at Mar 31, 2020 | As at Mar 31, 2019 |
|--|-----------------------|-----------------------|
|--|-----------------------|-----------------------|

6 OTHER INTANGIBLE ASSETS

(Refer note 2.11 and 2.12)

Carrying amounts of:

| | | |
|-------------------|----------|----------|
| Computer software | 3 | 5 |
| | <u>3</u> | <u>5</u> |

| Particulars | Computer software | Total |
|--|-------------------|-----------|
| Gross carrying value | | |
| Balance as at April 1, 2018 | 56 | 56 |
| Additions | 8 | 8 |
| Disposals | - | - |
| Translation | - | - |
| Balance as at March 31, 2019 | 64 | 64 |
| Additions | 1 | 1 |
| Disposals | (1) | (1) |
| Translation | - | - |
| Balance as at March 31, 2020 | 64 | 64 |
| Accumulated amortisation | | |
| Balance as at April 1, 2018 | 52 | 52 |
| Amortisation expense | 7 | 7 |
| Disposals | - | - |
| Translation | - | - |
| Balance as at March 31, 2019 | 59 | 59 |
| Amortisation expense | 3 | 3 |
| Disposals | (1) | (1) |
| Translation | - | - |
| Balance as at March 31, 2020 | 61 | 61 |
| Carrying value as at March 31, 2020 | 3 | 3 |
| Carrying value as at March 31, 2019 | 5 | 5 |

Notes forming part of the Consolidated Financial Statements

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

| | As at Mar 31, 2020 | As at Mar 31, 2019 |
|--|-----------------------|-----------------------|
| 7 GOODWILL ON CONSOLIDATION (Refer note 2.3, 2.11 and 3.1.(i)) | | |
| Carrying amounts of: | | |
| Cost | 15,841 | 15,841 |
| Accumulated impairment losses | - | - |
| | <u>15,841</u> | <u>15,841</u> |

| Particulars | As at | As at |
|--|---------------|---------------|
| | Mar 31, 2020 | Mar 31, 2019 |
| Cost | | |
| Balance at the beginning of year | 15,841 | 15,841 |
| Additions | - | - |
| Derecognised | - | - |
| Balance at the end of year | 15,841 | 15,841 |
| Accumulated impairment losses | | |
| Balance at the beginning of year | - | - |
| Impairment losses recognised in the year | - | - |
| Balance at the end of year | - | - |
| Net block at the end of the year | 15,841 | 15,841 |

7.1 Allocation of goodwill to cash-generating units

The entire goodwill is allocated to Information Technology services (CGU).

The recoverable amount of this CGU is determined based on a value in use calculation which uses cash flow projections based on financial forecast approved by the management covering a five-year period, and a discount rate of 11% p.a. (2019: 13% p.a.).

Cash flow projections during the forecast period are based on the expected gross margins. The cash flows beyond that five-year period have been extrapolated using a terminal growth rate of 1% p.a. (2019: 1% p.a.). The management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

As of March 31, 2020, the estimated recoverable amount of the CGU exceeded its carrying amount, hence impairment is not triggered. The key assumptions used for the calculations are as follows:

- (1) EBIT margin: Average gross margins achieved in the prior periods before the forecast period.
- (2) Discount rate: Discount rate is based on the Weighted Average Cost of Capital (WACC) of the Company. These estimates are likely to differ from future actual results of operations and cash flows.

| | As at Mar 31, 2020 | As at Mar 31, 2019 |
|--|-----------------------|-----------------------|
| 8 LOANS (Refer note 2.15 and 2.18) | | |
| Carrying amount of : | | |
| Unsecured, considered good unless otherwise stated | | |
| Non-current | | |
| Loans to fellow subsidiaries [Refer note 33] | 218 | 1,618 |
| | <u>218</u> | <u>1,618</u> |
| Current | | |
| Loans to fellow subsidiaries [Refer note 33] | 1,400 | 250 |
| | <u>1,400</u> | <u>250</u> |

Notes forming part of the Consolidated Financial Statements

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

| | As at Mar 31, 2020 | As at Mar 31, 2019 |
|---|-----------------------|-----------------------|
| 9 OTHER FINANCIAL ASSETS | | |
| (Refer note 2.4, 2.15 and 2.18) | | |
| Unsecured considered good unless otherwise stated | | |
| Non-current | | |
| Security deposits | - | 10 |
| | <u>-</u> | <u>10</u> |
| Current | | |
| Expenses recoverable from fellow subsidiaries [Refer note 33]: | 21 | 40 |
| Security deposits | | |
| - Considered good | 192 | 186 |
| - Considered doubtful | 24 | 21 |
| (Less): Provision for doubtful advances | (24) | (21) |
| Unbilled revenue | 2,217 | 1,782 |
| Interest accrued on loans to fellow subsidiaries [Refer note 33] | 15 | 33 |
| Interest accrued on bank deposits | 44 | 13 |
| Other Loans and advances (includes government grant, advances to employees and other receivables) | | |
| - Considered good | 59 | 39 |
| - Considered doubtful | 17 | 35 |
| (Less): Provision for doubtful advances | (17) | (35) |
| | <u>2,548</u> | <u>2,093</u> |

10 DEFERRED TAX ASSETS (NET)

[Refer note 2.9 and 3.1.(ii)]

Details of deferred tax assets and liabilities as at March 31, 2020 comprise of the following:

| Particulars | As at Apr 1, 2019 | (Credit)/ Charged to Statement of Profit and Loss | Recognised in Other Comprehensive Income | As at Mar 31, 2020 |
|--|-------------------------|---|--|--------------------------|
| Deferred Tax Assets | | | | |
| Depreciation | 187 | 41 | - | 146 |
| Provision for gratuity | 88 | 9 | 1 | 78 |
| Provision for compensated absences | 22 | (6) | - | 28 |
| Provision for other employee benefits | 19 | 4 | - | 15 |
| Provision for doubtful debts | 362 | 32 | - | 330 |
| Provision for doubtful advances | 175 | 57 | - | 118 |
| Adjustment for lease | - | (2) | - | 2 |
| Exchange differences in translating the financial statements of foreign operations | 63 | - | - | 63 |
| Others | 20 | 6 | - | 14 |
| Total (A) | 936 | 141 | 1 | 794 |
| Deferred Tax Liabilities | | | | |
| Exchange differences in translating the financial statements of foreign operations | (182) | - | 274 | (456) |
| Total (B) | (182) | - | 274 | (456) |
| Deferred Tax Assets (Net) (A)-(B) | 754 | 141 | 275 | 338 |

Notes forming part of the Consolidated Financial Statements

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

As at March 31, 2019

| Particulars | As at Apr 1, 2018 | (Credit)/ Charged to Statement of Profit and Loss | Recognised in Other Comprehensive Income | As at Mar 31, 2019 |
|--|-------------------|---|--|--------------------|
| Deferred Tax Assets | | | | |
| Depreciation | 209 | 22 | - | 187 |
| Provision for gratuity | 104 | 6 | 10 | 88 |
| Provision for compensated absences | 20 | (2) | - | 22 |
| Provision for other employee benefits | 64 | 45 | - | 19 |
| Provision for doubtful debts | 328 | (34) | - | 362 |
| Provision for doubtful advances | 154 | (21) | - | 175 |
| Exchange differences in translating the financial statements of foreign operations | 63 | - | - | 63 |
| Others | 36 | 16 | - | 20 |
| Total (A) | 978 | 32 | 10 | 936 |
| Deferred Tax Liabilities | | | | |
| Exchange differences in translating the financial statements of foreign operations | (72) | - | 110 | (182) |
| Total (B) | (72) | - | 110 | (182) |
| Deferred Tax Assets (Net) (A)-(B) | 906 | 32 | 120 | 754 |

10.1 Unrecognised taxable temporary differences associated with investments and interests

| Particulars | As at | As at |
|---|--------------|--------------|
| | Mar 31, 2020 | Mar 31, 2019 |
| Taxable temporary differences in relation to investments in subsidiaries for which deferred tax liabilities have not been recognised are attributable to the following: | | |
| - foreign subsidiaries | 457 | 280 |
| Total | 457 | 280 |
| 11 OTHER ASSETS (Refer note 2.24) Unsecured considered good unless otherwise stated | | |
| Non-current | | |
| Prepaid Expenses | 7 | 13 |
| Advances recoverable in kind | 1,486 | 1,466 |
| Balances with Government Authorities (Service tax & GST) | | |
| - Considered good | 237 | 179 |
| - Considered doubtful | 429 | 548 |
| (Less): Provision for doubtful advances | (429) | (548) |
| | 1,730 | 1,658 |
| Current | | |
| Balances with Government Authorities (GST) | 78 | 116 |
| Prepaid Expenses | 67 | 111 |
| Other Loans and advances | 25 | 31 |
| | 170 | 258 |

Notes forming part of the Consolidated Financial Statements

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

| | As at | As at |
|--|--------------|--------------|
| | Mar 31, 2020 | Mar 31, 2019 |
| 12 TRADE RECEIVABLES | | |
| (Refer note 2.15, 32 and 33) | | |
| (Unsecured) | | |
| Considered good | 2,071 | 2,877 |
| Considered doubtful | 1,309 | 1,271 |
| Less: Provision for doubtful trade receivables | (1,309) | (1,271) |
| | <u>2,071</u> | <u>2,877</u> |

Note:

The credit period ranges from 0 to 45 days. No interest is charged on trade receivables up to the due date. Cumulative balance of customers with more than 5% of total trade receivables amounts to Rs 1,211 (2019: Rs 1,533)

13 CASH AND CASH EQUIVALENTS

(Refer note 2.19)

Balances with banks

In current accounts
 16,525 | 11,750 |

Funds in transit
 133 | - |

In demand deposit accounts (less than 3 months maturity)
 15,930 | 13,941 |

Cash on hand
 - | - |

Cash and cash equivalent as per consolidated statement of cash flow
 32,588 | 25,691 |

14 OTHER BANK BALANCES

Long Term Deposit with maturity more than 3 months but less than 12 months
 117 | 247 |

Fixed Deposits with Banks include:

Rs. 117 (2019: Rs. 136) which are under lien

15 EQUITY SHARE CAPITAL

Authorised capital:

125,000,000 (2019: 125,000,000) Equity shares of Rs.10 each
 12,500 | 12,500 |

Issued, subscribed and paid up capital:

111,403,716 (2019: 111,403,716) Equity shares of Rs.10 each fully paid up
 11,140 | 11,140 |

a) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting year are as given below:

| | As at | | As at | |
|--|--------------------|---------------|--------------------|---------------|
| | Mar 31, 2020 | | Mar 31, 2019 | |
| Equity Shares | Number of Shares | Amount | Number of Shares | Amount |
| Shares outstanding at the beginning of the year | 111,403,716 | 11,140 | 111,403,716 | 11,140 |
| Add / (Less): Movement during the year | - | - | - | - |
| Shares outstanding at the end of the year | 111,403,716 | 11,140 | 111,403,716 | 11,140 |

b) Terms/ rights attached to equity shares

The Company has only one class of shares referred to as equity shares having a par value of Rs.10 each. 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.

Notes forming part of the Consolidated Financial Statements

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

c) Details of shares held by the holding company and its subsidiaries:

| Name of Shareholder | As at | As at |
|---|-------------------|-------------------|
| | Mar 31, 2020 | Mar 31, 2019 |
| | Number of Shares | Number of Shares |
| Xchanging (Mauritius) Limited, the immediate holding company | 58,002,787 | 58,002,787 |
| Xchanging Technology Services India Private Limited, subsidiary of Holding Company* | 21,348,838 | 38,948,299 |
| | 79,351,625 | 96,951,086 |

*Xchanging Technology Services India Private Limited acquired 12.03% shares on June 11, 2018 through Mandatory open offer.

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

| Name of Shareholder | As at | | As at | |
|---|-----------------------|------------|-----------------------|------------|
| | Mar 31, 2020 | | Mar 31, 2019 | |
| | 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 | 21,348,838 | 19.16 | 38,948,299 | 34.96 |

| 16 OTHER EQUITY | As at | As at |
|--------------------------------------|---------------|---------------|
| | Mar 31, 2020 | Mar 31, 2019 |
| Capital reserve | 361 | 361 |
| Security premium | 8,417 | 8,417 |
| Foreign currency translation reserve | 1,129 | 314 |
| Retained earnings | 28,563 | 23,090 |
| | 38,470 | 32,182 |

16.1 Capital reserve

| | | |
|--|------------|------------|
| Balance at the beginning of the year | 361 | 361 |
| Add / (Less): Movement during the year | - | - |
| Balance at the end of the year | 361 | 361 |

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

16.2 Security premium

| | | |
|--|--------------|--------------|
| Balance at the beginning of the year | 8,417 | 8,417 |
| Add / (Less): Movement during the year | - | - |
| Balance at the end of the year | 8,417 | 8,417 |

Amounts received (on issue of shares) in excess of the par value has been classified as securities premium.

16.3 Foreign currency translation reserve

| | | |
|--|--------------|------------|
| Balance at the beginning of the year | 314 | 46 |
| Add: Exchange difference arising on translating the foreign operations net of income tax | 815 | 268 |
| Balance at the end of the year | 1,129 | 314 |

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Rs.) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal of the foreign operation.

Notes forming part of the Consolidated Financial Statements

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

| | As at Mar 31, 2020 | As at Mar 31, 2019 |
|--|-----------------------|-----------------------|
| 16.4 Retained earnings | | |
| Balance at the beginning of the year | 23,090 | 18,394 |
| Profit for the year | 5,470 | 4,671 |
| Other comprehensive income arising from remeasurement of defined benefit obligation net of tax | 3 | 25 |
| Balance at the end of the year | <u>28,563</u> | <u>23,090</u> |
| Retained earnings comprise of the Company's prior years' undistributed earnings after taxes. | | |
| 17 PROVISIONS | | |
| (Refer note 2.8) | | |
| Non-current | | |
| Provision for employee benefits : | | |
| Provision for compensated absences | 84 | 61 |
| Provision for gratuity [Refer note 31] | 249 | 242 |
| | <u>333</u> | <u>303</u> |
| Current | | |
| Provision for employee benefits : | | |
| Provision for compensated absences | 28 | 17 |
| Provision for gratuity [Refer note 31] | 62 | 60 |
| | <u>90</u> | <u>77</u> |
| 18 TRADE PAYABLES | | |
| (Refer note 2.16) | | |
| Total outstanding dues of micro enterprises and small enterprises (Refer Note (ii)) | - | 1 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | | |
| Due to Related parties [Refer note 33] | 2,187 | 1,666 |
| Others: | | |
| Goods & services | 936 | 1,346 |
| Employee related payables | 76 | 118 |
| | <u>3,199</u> | <u>3,130</u> |
| | <u>3,199</u> | <u>3,131</u> |

Notes:

- (i) The credit period ranges from 0 to 90 days. No interest is charged on trade payables up to the due date. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.
- (ii) On the basis of confirmation obtained from suppliers who have registered themselves under the Micro, Small Medium Enterprise Development Act, 2006 (MSMED Act, 2006) and based on the information available with the Company, the following are the details:
 - (a) Principal amount remaining unpaid - 1
 - (b) Interest due thereon remaining unpaid - -
 - (c) Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along-with the amount of the payment made to the supplier beyond the appointed day during the period - -
 - (d) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006 - -
 - (e) Interest accrued and remaining unpaid - -
 - (f) Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises - -

Notes forming part of the Consolidated Financial Statements

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

| | As at Mar 31, 2020 | As at Mar 31, 2019 |
|--|--|--|
| 19 OTHER FINANCIAL LIABILITIES (Refer note 2.7 and 2.16) | | |
| Current maturities of non-current borrowings | - | 3 |
| Payable on purchase of property, plant and equipment | 13 | 7 |
| Other financial liabilities | 18 | - |
| | <u>31</u> | <u>10</u> |
| 20 CURRENT TAX ASSETS AND LIABILITIES (Refer note 2.9 and 3.1.(ii)) | | |
| Current tax assets | | |
| Tax refund receivable | 4,615 | 3,731 |
| | <u>4,615</u> | <u>3,731</u> |
| Current tax liabilities | | |
| Income tax payable | 8,102 | 7,732 |
| | <u>8,102</u> | <u>7,732</u> |
| | <u>3,487</u> | <u>4,001</u> |
| 21 OTHER CURRENT LIABILITIES (Refer note 2.4 and 2.7) | | |
| Income received in advance (Unearned revenue) | | |
| - Fellow subsidiaries [Refer note 33] | - | 49 |
| - Others | 62 | 225 |
| Statutory remittances (Contributions to PF, ESIC, Withholding Taxes, GST etc.) | 139 | 205 |
| Security deposits | 67 | - |
| Advances from customers | 44 | 10 |
| | <u>312</u> | <u>489</u> |
| | For the year ended Mar 31, 2020 | For the year ended Mar 31, 2019 |
| 22 REVENUE FROM OPERATIONS (Refer note 2.4, 29 and 33) | | |
| Software services | 18,226 | 18,410 |
| | <u>18,226</u> | <u>18,410</u> |

The table below presents disaggregated revenues from contracts with customers for the year ended March 31, 2020 by contract type. The Company believe that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cashflows are affected by industry, market and other economic factors.

| | For the year ended Mar 31, 2020 | For the year ended Mar 31, 2019 |
|-------------|------------------------------------|------------------------------------|
| T&M and AMC | 16,456 | 16,303 |
| Fixed Price | 1,770 | 2,107 |
| Total | 18,226 | 18,410 |

The Group has evaluated the impact of COVID-19 resulting from (i) the possibility of constraints to render services (ii) onerous obligations (iii) penalties relating to breaches of service level agreements and (iv) termination or deferment of contracts by customers. The Group has concluded that the impact of COVID-19 is not material based on such evaluation. Due to the nature of the pandemic, the Group will continue to monitor developments to identify significant uncertainties relating to revenue in future periods.

Notes forming part of the Consolidated Financial Statements

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

| | For the year ended | For the year ended |
|--|-----------------------|-----------------------|
| | Mar 31, 2020 | Mar 31, 2019 |
| 23 OTHER INCOME | | |
| (Refer note 2.5 and 2.7) | | |
| a) <u>Interest Income (at amortised cost)</u> | | |
| Interest income earned on financial assets that are not designated as at fair value through profit or loss: | | |
| Bank deposits | 845 | 74 |
| Loans to fellow subsidiaries [Refer note 33] | 197 | 224 |
| | <u>1,042</u> | <u>298</u> |
| b) <u>Dividend income</u> | | |
| Dividends from mutual funds | - | 542 |
| All dividends from mutual funds carried at fair value through P&L recognised for both the years relate to investments held during each reporting period. | | |
| c) <u>Other non-operating income (net of expenses directly attributable to such income)</u> | | |
| Other provisions no longer required written back | 120 | 315 |
| Liabilities no longer required written back | - | 211 |
| Others (aggregate of immaterial items) | 24 | 35 |
| | <u>144</u> | <u>561</u> |
| d) <u>Other gains and losses</u> | | |
| Profit on sale of property, plant and equipment (net) | 2 | 8 |
| Profit on redemption of mutual funds | - | 2 |
| Foreign exchange gain (net) | 80 | 44 |
| | <u>82</u> | <u>54</u> |
| (a+b+c+d) | <u>1,268</u> | <u>1,455</u> |
| 24 EMPLOYEE BENEFITS EXPENSE | | |
| (Refer note 2.8 and 31) | | |
| Salaries and wages including bonus | 6,788 | |
| Less: Towards government grant (Refer note 43) | <u>(48)</u> | 7,896 |
| Contribution to provident and other funds [Refer note 31] | 206 | 248 |
| Gratuity expenses [Refer note 31] | 56 | 70 |
| Staff welfare expenses | 632 | 611 |
| | <u>7,634</u> | <u>8,825</u> |
| 25 FINANCE COSTS | | |
| (Refer note 2.6) | | |
| Interest expenses on borrowings (not classified as at FVTPL) | - | 1 |
| Interest expenses on lease liabilities | 13 | - |
| | <u>13</u> | <u>1</u> |
| 26 DEPRECIATION AND AMORTISATION EXPENSE | | |
| (Refer note 2.6, 2.10, 2.11 and 2.18) | | |
| Depreciation of property, plant and equipment [Refer note 4] | 28 | 40 |
| Depreciation of right of use of assets [Refer note 5] | 113 | - |
| Amortisation of intangible assets [Refer note 6] | 3 | 7 |
| | <u>144</u> | <u>47</u> |

Notes forming part of the Consolidated Financial Statements

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

| | For the year ended | For the year ended |
|--|-----------------------|-----------------------|
| | Mar 31, 2020 | Mar 31, 2019 |
| 27 OTHER EXPENSES | | |
| (Refer note 2.6, 2.7, 2.13, 2.18 and 2.23) | | |
| Project work expenses | 4,483 | 3,874 |
| Power and fuel | 35 | 42 |
| Rental expenses* | 19 | 177 |
| Repairs and maintenance: | | |
| Computer equipments | 170 | 190 |
| Others | 58 | 66 |
| Insurance | 55 | 60 |
| Rates and taxes | 17 | 12 |
| Communication | 199 | 216 |
| Travelling and conveyance | 118 | 178 |
| Business promotion | 18 | 46 |
| Training and development | 1 | 1 |
| Net Loss on FV changes in current investments carried at FVTPL | - | 5 |
| Expenditure towards Corporate Social Responsibility (CSR) activities [Refer note 37] | 21 | 20 |
| Legal and professional | 365 | 57 |
| Payments to auditors (Refer Note (i) below) | 120 | 128 |
| Provision for doubtful debts (net) | - | 7 |
| Bad debts written off | - | 41 |
| Provision for doubtful advances | 13 | 78 |
| Directors' sitting fees | 41 | 29 |
| Miscellaneous expenses | 41 | 85 |
| | 5,774 | 5,312 |
| | <hr/> <hr/> | <hr/> <hr/> |
| * Represents lease rentals for short term leases and leases of low value assets | | |
| Note: | | |
| (i) Payments to the auditors comprise (net of taxes, where applicable): | | |
| Statutory audit | 68 | 73 |
| Limited review of quarterly financial results | 44 | 44 |
| Tax audit | 6 | 6 |
| Certifications | 2 | 4 |
| Out-of-pocket expenses | - | 1 |
| | <hr/> <hr/> | <hr/> <hr/> |
| | 120 | 128 |
| | <hr/> <hr/> | <hr/> <hr/> |
| 28 INCOME TAXES | | |
| (Refer note 2.9 and 3.1.(ii)) | | |
| 1. Income tax recognised in profit or loss | | |
| Current tax | | |
| In respect of current year | 1,114 | 962 |
| Deferred tax | | |
| In respect of current year | 141 | 32 |
| Total income tax expense /(gain) recognised in the current year | 1,255 | 994 |
| | <hr/> <hr/> | <hr/> <hr/> |

Notes forming part of the Consolidated Financial Statements

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

Balance of customers with more than 10% of total revenue amounts to Rs 10,654 (2019: Rs. 7,380)

| | Carrying amount of segment assets by location of the assets | | Addition to Fixed Assets/Right of use assets | |
|-------------------|---|---------------|--|--------------------|
| | Mar 31, 2020 | Mar 31, 2019 | Mar 31, 2020 | Mar 31, 2019 |
| Europe | 340 | 623 | - | - |
| USA | 12,858 | 10,591 | - | - |
| India | 20,829 | 17,745 | 209 | 28 |
| Rest of the World | 22,927 | 21,620 | 2 | 6 |
| | 56,955 | 50,579 | 211 | 34 |
| | | | For the year ended | For the year ended |
| | | | Mar 31, 2020 | Mar 31, 2019 |

30 EARNINGS PER SHARE

(Refer note 2.22)

Basic earnings per share

| | | |
|--|-------------|-------------|
| Profit for the year after tax | 5,470 | 4,671 |
| 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 |
| Earnings per share – Basic (Rs.) | 4.91 | 4.19 |

Diluted earnings per share

| | | |
|--|-------------|-------------|
| Weighted average number of equity shares considered for calculating diluted earnings per share – (B) | 111,403,716 | 111,403,716 |
| Earnings per share – Diluted (Rs.) | 4.91 | 4.19 |

31 EMPLOYEE BENEFITS EXPENSE

(Refer note 2.8)

(a) Defined Contribution Plans

Provident Fund and Other Funds: During the year, the Group has recognised Rs. 206 (2019: Rs. 248) 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 Group is exposed to various risks in providing the above gratuity benefit such as: interest rate risk, longevity risk and salary risk.

Interest risk: A decrease in the bond interest rate will increase the plan liability.

Longevity risk: The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Notes forming part of the Consolidated Financial Statements

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

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:

| | As at | As at |
|---|---------------------------|---------------------------|
| | Mar 31, 2020 | Mar 31, 2019 |
| (i) Movement in Present Value of the Defined benefit obligation | | |
| Balance at the beginning of the year | 302 | 357 |
| Current Service Cost | 37 | 47 |
| Interest Cost | 19 | 23 |
| Actuarial (Gains) / Losses- Demographic | - | - |
| Actuarial (Gains) / Losses- Financial | 6 | (9) |
| Actuarial (Gains) / Losses- Experience | (10) | (26) |
| Benefits paid | (43) | (90) |
| Present Value of Defined benefit obligation at the end of the year | 311 | 302 |
| (ii) Assets and Liabilities recognised in the Balance Sheet | | |
| Present Value of Defined Benefit Obligation | 311 | 302 |
| Amounts recognised as liability | 311 | 302 |
| Recognised under: | | |
| Non-current provisions (Refer note 17) | 249 | 242 |
| Current provisions (Refer note 17) | 62 | 60 |
| | 311 | 302 |
| | For the year ended | For the year ended |
| | Mar 31, 2020 | Mar 31, 2019 |
| (iii) Amounts recognised in statement of profit and loss in respect of these defined benefit plans are as follows. | | |
| Current Service Cost | 37 | 47 |
| Interest Cost | 19 | 23 |
| Components of defined benefit costs recognised in profit or loss | 56 | 70 |
| Remeasurement on the net defined benefit liability: | | |
| Actuarial (Gain) / Loss due to Demographic Assumption changes | - | - |
| Actuarial (Gain) / Loss due to Financial Assumption changes | 6 | (9) |
| Actuarial (Gain) / Loss due to Experience | (10) | (26) |
| Components of defined benefit costs recognised in other comprehensive income | (4) | (35) |
| Total | 52 | 35 |
| | As at | As at |
| | Mar 31, 2020 | Mar 31, 2019 |
| (iv) Actuarial Assumptions | | |
| Discount Rate | 5.95% | 6.95% |
| Attrition Rate | 20% | 20% |
| Increase in Compensation Cost | 6.25% | 6.75% |
| Retirement Age | 60 | 60 |
| (v) Expected Future Cashflows | | |
| Particulars | March 31, 2020 | March 31, 2019 |
| Year 1 | 62 | 60 |
| Year 2 | 54 | 53 |
| Year 3 | 54 | 46 |
| Year 4 | 42 | 46 |
| Year 5 | 36 | 36 |

Notes forming part of the Consolidated Financial Statements

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

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.

(vi) Sensitivity analysis

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The following table summarizes the impact on defined benefit obligation arising due to increase / decrease in key actuarial assumptions by 50 basis points:

As at March 31, 2020

| Defined Benefit Obligation | Discount rate | Rate of Increase in Compensation Cost |
|----------------------------|---------------|---------------------------------------|
| Impact of decrease | 6 | (6) |
| Impact of increase | (6) | 6 |

As at March 31, 2019

| Defined Benefit Obligation | Discount rate | Rate of Increase in Compensation Cost |
|----------------------------|---------------|---------------------------------------|
| Impact of decrease | 6 | (6) |
| Impact of increase | (5) | 6 |

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

32 FINANCIAL INSTRUMENTS

32.1 Capital management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of net debt (borrowings as detailed in note 19) and total equity of the Group. The Group is not subject to any externally imposed capital requirements.

32.1.1 Debt equity ratio

The debt equity ratio at end of the reporting period was as follows.

| Particulars | As at | As at |
|---------------------------------|---------------|---------------|
| | Mar 31, 2020 | Mar 31, 2019 |
| Debt (i) | - | 3 |
| Net debt | - | 3 |
| Total equity | 49,610 | 43,322 |
| Net debt to equity ratio | - | 0.00 |

- (i) Debt is defined as long-term and current maturities (excluding derivative, financial guarantee contracts and contingent consideration), as described in note 19.
- (ii) Total equity comprises issued share capital, reserves, retained earnings and other comprehensive income as set out in the statement of changes in equity.

Notes forming part of the Consolidated Financial Statements

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

| Particulars | As at | As at |
|---|--------------|--------------|
| | Mar 31, 2020 | Mar 31, 2019 |
| 32.2 Categories of financial instruments | | |
| Financial assets | | |
| <u>Measured at amortised cost</u> | | |
| (a) Cash and bank balances | 32,588 | 25,691 |
| (b) Bank balances other than above | 117 | 247 |
| (c) Other financial assets at amortised cost | 6,237 | 6,848 |
| Financial liabilities | | |
| <u>Measured at amortised cost</u> | | |
| Lease liabilities | 231 | - |
| Other financial liability at amortised cost | 3,230 | 3,141 |

32.3 Financial risk management

The Group is exposed to foreign currency risk, liquidity risk, credit risk and interest risk which may impact the fair value of its financial instruments. The Group has a risk management policy to manage & mitigate these risks. The Group's risk management policy aims to reduce volatility in consolidated financial statements while maintaining balance between providing predictability in the Group's business plan along with reasonable participation in market movement.

32.4 Market Risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see note 32.5).

32.5 Foreign currency risk management

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

| Particulars | Liabilities as at | | Assets as at | |
|--------------|-------------------|--------------|---------------|---------------|
| | Mar 31, 2020 | Mar 31, 2019 | Mar 31, 2020 | Mar 31, 2019 |
| GBP | 152 | 170 | 68 | 523 |
| USD | 1,643 | 1,739 | 15,650 | 12,117 |
| Others* | 1,174 | 960 | 5,654 | 4,608 |
| Total | 2,969 | 2,869 | 21,372 | 17,248 |

* Others include currencies such as SGD, EUR, MYR, AUD, VND and NZD.

32.5.1 Foreign currency sensitivity analysis

The Group is mainly exposed to the USD and GBP.

The following table details the Group's sensitivity to a 10% increase and decrease in the Rs. against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower. A positive number below indicates an increase in profit or equity where the Rs. strengthens 10% against the relevant currency. For a 10% weakening of the Rs. against the relevant currency, there would be a comparable impact on the profit or equity, and the balances below would be negative.

Notes forming part of the Consolidated Financial Statements

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

| Particulars | Impact on profit or loss for the year | | Impact on total equity as at the end of the reporting period | |
|----------------------------|---------------------------------------|--------------|--|--------------|
| | Mar 31, 2020 | Mar 31, 2019 | Mar 31, 2020 | Mar 31, 2019 |
| GBP sensitivity | | | | |
| Increase by 10% | (8) | 35 | (8) | 35 |
| Decrease by 10% | 8 | (35) | 8 | (35) |
| USD sensitivity | | | | |
| Increase by 10% | 1,401 | 1,038 | 1,401 | 1,038 |
| Decrease by 10% | (1,401) | (1,038) | (1,401) | (1,038) |
| Others sensitivity* | | | | |
| Increase by 10% | 448 | 365 | 448 | 365 |
| Decrease by 10% | (448) | (365) | (448) | (365) |

* Others include currencies such as SGD, EUR, MYR, AUD, VND and NZD.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

32.6 Interest rate risk management

The Group is exposed to interest rate risk because the Group lend/ borrow funds at fixed interest rates. There is no exposure to market rate fluctuations. The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

32.7 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivables. The Group does not have significant credit risk exposure to any single counterparty.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Provision for expected credit losses

The Group provides for expected credit loss based on the following:

| Category | Description of category | Basis for recognition of expected credit loss provision | | |
|---|---|---|--|--|
| | | Loans at amortised cost | Other financial assets at amortised cost | Trade receivables |
| High quality assets, negligible credit risk | Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil | 12-month expected credit losses | 12-month expected credit losses | Life-time expected credit losses (simplified approach) |
| Standard assets, moderate credit risk | Assets where the probability of default is considered moderate, however counter-party has sufficient capacity to meet the obligations | | | |
| Low quality assets, very high credit risk | Assets where there is a high probability of default and is considered as high risk | Life-time expected credit losses | Life-time expected credit losses | |
| Doubtful assets, credit-impaired | Assets are written off when there is no reasonable expectation of recovery | Asset is written off | | |

Notes forming part of the Consolidated Financial Statements

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

| Particulars | | Category | Asset group | Estimated gross carrying amount at default | Expected probability of default | Expected credit losses | Carrying amount net of impairment provision |
|---|--|---|--|--|---------------------------------|------------------------|---|
| March 31, 2020 | | | | | | | |
| (a) Expected credit loss for loans and other financial assets at amortised cost | | | | | | | |
| Loss allowance measured at 12 month expected credit losses | Financial assets for which credit risk has not increased significantly since initial recognition | High quality assets, negligible credit risk | Loans at amortised cost | 1,618 | 0% | - | 1,618 |
| | | High quality assets, negligible credit risk | Other financial assets at amortised cost | 80 | 0% | - | 80 |
| | | Standard assets, moderate credit risk | Other financial assets at amortised cost | 2,509 | 2% | 42 | 2,468 |
| (b) Expected credit loss for trade receivables under simplified approach | | | | | | | |
| Ageing | | 0-30 Days | 31-60 Days | 61-90 Days | 91-180 Days | 180+ Days | Total outstanding |
| Gross carrying amount | | 1,422 | 339 | 147 | 122 | 1,350 | 3,380 |
| Expected loss rate | | 0% | 0% | 0% | 0% | 97% | 39% |
| Expected credit losses (Loss allowance provision) | | - | - | - | - | 1,309 | 1,309 |
| Carrying amount of trade receivables (net of impairment) | | 1,422 | 339 | 147 | 122 | 41 | 2,071 |

| Particulars | | Category | Asset group | Estimated gross carrying amount at default | Expected probability of default | Expected credit losses | Carrying amount net of impairment provision |
|---|--|---|--|--|---------------------------------|------------------------|---|
| March 31, 2019 | | | | | | | |
| (a) Expected credit loss for loans and other financial assets at amortised cost | | | | | | | |
| Loss allowance measured at 12 month expected credit losses | Financial assets for which credit risk has not increased significantly since initial recognition | High quality assets, negligible credit risk | Loans at amortised cost | 1,868 | 0% | - | 1,868 |
| | | High quality assets, negligible credit risk | Other financial assets at amortised cost | 86 | 0% | - | 86 |
| | | Standard assets, moderate credit risk | Other financial assets at amortised cost | 2,073 | 3% | 56 | 2,017 |

Notes forming part of the Consolidated Financial Statements

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

(b) Expected credit loss for trade receivables under simplified approach

| Ageing | 0-30 Days | 31-60 Days | 61-90 Days | 91-180 Days | 180+ Days | Total outstanding |
|---|--------------|------------|------------|-------------|------------|-------------------|
| Gross carrying amount | 1,435 | 579 | 134 | 628 | 1,372 | 4,148 |
| Expected loss rate | 0% | 0% | 0% | 0% | 93% | 31% |
| Expected credit losses (Loss allowance provision) | - | - | - | - | 1,271 | 1,271 |
| Carrying amount of trade receivables (net of impairment) | 1,435 | 579 | 134 | 628 | 101 | 2,877 |

32.8 Liquidity risk management

The Group manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

32.8.1 Liquidity and interest risk tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows.

| Particulars | Average effective interest rate(%) | Less than 1 year | 1-2 years | 2 years & above | Total carrying value |
|---------------------------------|------------------------------------|------------------|-----------|-----------------|----------------------|
| March 31, 2020 | | | | | |
| Non-interest bearing | - | 3,230 | - | - | 3,230 |
| Fixed interest rate instruments | - | - | - | - | - |
| | | 3,230 | - | - | 3,230 |
| March 31, 2019 | | | | | |
| Non-interest bearing | - | 3,138 | - | - | 3,138 |
| Fixed interest rate instruments | 10.0% | 3 | - | - | 3 |
| | | 3,141 | - | - | 3,141 |

32.9 Fair value measurements

Fair value hierarchy

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

There are no financial assets and liabilities measured at fair value as at March 31, 2020 and March 31, 2019

There have been no transfers between Level 1 and Level 2 during the year ended March 31, 2020 and March 31, 2019

Valuation Methodologies

Investments in mutual funds: The Group's investments consist primarily of investment in debt linked mutual funds. Fair values of investment securities classified as fair value through profit and loss are determined using the closing NAV and are classified as Level 1.

Fair value of financial assets and financial liabilities that are not measured at fair value

The management assessed that fair value of cash and cash equivalents, trade receivables, trade payables, other current assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

33 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
Intermediate holding companies

DXC Technology Company
Computer Sciences Corporation, USA ('CSC, USA')
CSC Computer Sciences International Inc.
Lux 1 Holding Company, Inc.
CSC Computer Sciences International S.a.r.l.
DXC Lux 5 S.a.r.l.
CSC Computer Sciences Holdings S.a.r.l.
DXC Lux 6 S.a.r.l.
CSC Computer Sciences International Holdings Limited
CSC Computer Sciences International Services Limited
CSC Computer Sciences International Limited
CSC Computer Sciences International Operations Limited
Xchanging Holdings Limited
Xchanging B.V.
Xchanging (Mauritius) Limited, Mauritius ('XML, Mauritius')

Immediate holding company

(ii) Key Managerial Personnel (KMP)

Executive Director & Chief Financial Officer
Executive Director & Chief Executive Officer
Company Secretary
Company Secretary

Shrenik Kumar Champalal
Chandrasekhara Boddaju Rao
Mayank Jain (Upto October 31, 2019)
Aruna Mohandoss (from November 13, 2019)

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

Fellow subsidiaries

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 Asia Pacific Sdn Bhd, Malaysia ('XAPSB, Malaysia')
Xchanging Procurement Services Limited, UK ('XPSL, UK')
Xchanging Builders (India) Private Limited, India ('XBPL, India')
Xchanging (SEA) Pte. Limited, Singapore ('XSPL, Singapore')
DXC Technology India Private Limited, India (previously known as CSC Technologies India Private Limited) ('DXC, India')
CSC Deutschland GmbH, Germany ('CSC, Germany')
CSC Technology Singapore Pte. Ltd ('CSC, Singapore')
DXC Technology Services Vietnam Co, Vietnam ('DXC, Vietnam')
EIT Services India Private Limited, India ('EIT, India')
E Services Singapore Pte.Ltd, Singapore ('E - Services, Singapore')
Ins-Sure Services Limited, UK ('Ins-Sure, UK')
ESIT Canada Enterprise Services Co, Canada ('ESIT, Canada')
CSC Consulting Inc., USA ('CSC Consulting, USA')
Enterprise Services LLC, USA ('Enterprise, USA')
CSC Corp - FSG US, USA ('CSC Corp, USA')
MSS-Americas Outsourcing, USA ('Americas Outsourcing, USA')
CSC Japan LLC, Japan ('CSC, Japan')
Xchanging Pty Limited, Australia ('Xchanging, Australia')
Service Mesh Inc., USA ('Service, USA') (effective from current financial year)
Enterprise Services New Zealand, New Zealand ('Enterprise Services, New Zealand') (effective from current financial year)

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 year ended | For the year ended | For the year ended | For the year ended | For the year ended | For the year ended |
| | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 |

Expenses paid on behalf of the Group:

| | | | | | | |
|----------------------------------|---|---|--------------|--------------|--------------|--------------|
| XUKL, UK | - | - | 55 | 84 | 55 | 84 |
| XTSIPL, India | - | - | 1,527 | 734 | 1,527 | 734 |
| XSSI, USA | - | - | - | 5 | - | 5 |
| DXC, India | - | - | 118 | 171 | 118 | 171 |
| CSC, Singapore | - | - | 891 | 655 | 891 | 655 |
| XAPSB, Malaysia | - | - | - | 56 | - | 56 |
| XSPL, Singapore | - | - | - | 17 | - | 17 |
| DXC, Vietnam | - | - | 308 | 104 | 308 | 104 |
| E - Services, Singapore | - | - | 201 | - | 201 | - |
| Enterprise, USA | - | - | 271 | - | 271 | - |
| Service, USA | - | - | 28 | - | 28 | - |
| Enterprise Services, New Zealand | - | - | 10 | - | 10 | - |
| EIT, India | - | - | 103 | 46 | 103 | 46 |
| Total | - | - | 3,512 | 1,872 | 3,512 | 1,872 |

Expenses paid on behalf of the related party:

| | | | | | | |
|-----------------|----------|----------|------------|------------|------------|------------|
| XSPL, Singapore | - | - | - | 88 | - | 88 |
| CSC, Singapore | - | - | 19 | - | 19 | - |
| XTSIPL, India | - | - | 335 | 337 | 335 | 337 |
| XAPSB, Malaysia | - | - | - | 323 | - | 323 |
| CSC, USA | 3 | - | - | - | 3 | - |
| XPSL, UK | - | - | - | 1 | - | 1 |
| Total | 3 | - | 354 | 749 | 357 | 749 |

Interest income on loans:

| | | | | | | |
|---------------|----------|----------|------------|------------|------------|------------|
| XTSIPL, India | - | - | 108 | 108 | 108 | 108 |
| XBPL, India | - | - | 89 | 116 | 89 | 116 |
| Total | - | - | 197 | 224 | 197 | 224 |

Revenue:

| | | | | | | |
|-------------------------|---|---|-----|-----|-----|-----|
| XGISL, UK | - | - | 42 | 223 | 42 | 223 |
| XAPSB, Malaysia | - | - | 172 | 27 | 172 | 27 |
| XTSIPL, India | - | - | 60 | - | 60 | - |
| DXC, India | - | - | 552 | 598 | 552 | 598 |
| CSC, Germany | - | - | - | 14 | - | 14 |
| CSC, Singapore | - | - | 920 | 528 | 920 | 528 |
| E - Services, Singapore | - | - | 207 | 92 | 207 | 92 |
| Ins-Sure, UK | - | - | 223 | 240 | 223 | 240 |
| ESIT, Canada | - | - | - | 1 | - | 1 |
| EIT, India | - | - | 30 | 40 | 30 | 40 |

Notes forming part of the Consolidated Financial Statements

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

| | | | | | | |
|---------------------------|---|---|--------------|--------------|--------------|--------------|
| CSC Consulting, USA | - | - | 16 | 56 | 16 | 56 |
| Enterprise, USA | - | - | 430 | 4 | 430 | 4 |
| CSC Corp, USA | - | - | 120 | 157 | 120 | 157 |
| Americas Outsourcing, USA | - | - | 103 | 190 | 103 | 190 |
| CSC, Japan | - | - | - | 6 | - | 6 |
| XSPL, Singapore | - | - | - | 1 | - | 1 |
| Total | - | - | 2,875 | 2,177 | 2,875 | 2,177 |

Other Income:

| | | | | | | |
|---------------|---|---|---|----------|---|----------|
| XTSIPL, India | - | - | - | 3 | - | 3 |
| Total | - | - | - | 3 | - | 3 |

Purchase of Assets:

| | | | | | | |
|--------------|---|---|-----------|---|-----------|---|
| EIT, India | - | - | 18 | - | 18 | - |
| Total | - | - | 18 | - | 18 | - |

Note:

(i) Amount below the rounding off norm adopted by the Group i.e. Rs 1 Lakh are not considered above

| | | | | | | |
|--|-------------------|----------------|---------------------|----------------|----------------|----------------|
| 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 |
| | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 |

Trade Receivables:

| | | | | | | |
|---------------------------|---|---|------------|--------------|------------|--------------|
| XAPSB, Malaysia | - | - | 15 | 387 | 15 | 387 |
| XGISL, UK | - | - | 8 | 22 | 8 | 22 |
| XTSIPL, India | - | - | 104 | 124 | 104 | 124 |
| DXC, India | - | - | 42 | 40 | 42 | 40 |
| CSC, Singapore | - | - | 72 | 281 | 72 | 281 |
| Ins-Sure, UK | - | - | 19 | 75 | 19 | 75 |
| EIT, India | - | - | 4 | 48 | 4 | 48 |
| CSC Consulting, USA | - | - | 3 | 27 | 3 | 27 |
| Enterprise, USA | - | - | 299 | 4 | 299 | 4 |
| Americas Outsourcing, USA | - | - | - | 7 | - | 7 |
| CSC Corp, USA | - | - | 11 | 25 | 11 | 25 |
| CSC, Japan | - | - | - | 6 | - | 6 |
| E - Services, Singapore | - | - | 15 | 67 | 15 | 67 |
| Total | - | - | 592 | 1,113 | 592 | 1,113 |

Trade Payables:

| | | | | | | |
|----------------------|-----|-----|-----|-----|-----|-----|
| XUKL, UK | - | - | 50 | 39 | 50 | 39 |
| XGISL, UK | - | - | 101 | 97 | 101 | 97 |
| XTSIPL, India | - | - | 411 | 152 | 411 | 152 |
| XAPSB, Malaysia | - | - | - | 55 | - | 55 |
| DXC, India | - | - | - | 18 | - | 18 |
| CSC, Singapore | - | - | 318 | 302 | 318 | 302 |
| CSC, USA | 873 | 855 | - | - | 873 | 855 |
| Xchanging, Australia | - | - | - | 8 | - | 8 |
| EIT, India | - | - | 65 | 50 | 65 | 50 |

Notes forming part of the Consolidated Financial Statements

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

| | | | | | | |
|--|------------|------------|--------------|------------|--------------|--------------|
| Americas Outsourcing, USA (Unearned revenue) | - | - | - | 49 | - | 49 |
| E - Services, Singapore | - | - | 222 | - | 222 | - |
| Enterprise, USA | - | - | 72 | - | 72 | - |
| Service, USA | - | - | 7 | - | 7 | - |
| Enterprise Services, New Zealand | - | - | 10 | - | 10 | - |
| DXC, Vietnam | - | - | 58 | 90 | 58 | 90 |
| Total | 873 | 855 | 1,314 | 860 | 2,187 | 1,715 |

Expenses Recoverable:

| | | | | | | |
|---------------|----------|----------|-----------|-----------|-----------|-----------|
| XTSIPL, India | - | - | 11 | 1 | 11 | 1 |
| DXC, India | - | - | 10 | 39 | 10 | 39 |
| Total | - | - | 21 | 40 | 21 | 40 |

Loans and Advances (including interest accrued):

| | | | | | | |
|---------------|----------|----------|--------------|--------------|--------------|--------------|
| XTSIPL, India | - | - | 908 | 916 | 908 | 916 |
| XBPL, India | - | - | 725 | 985 | 725 | 985 |
| Total | - | - | 1,633 | 1,901 | 1,633 | 1,901 |

Note:

(i) Amount below the rounding off norm adopted by the Group i.e. Rs 1 Lakh are not considered above

D. Remuneration paid to the key managerial personnel

| Particulars | For the year ended | For the year ended |
|-----------------------|--------------------|--------------------|
| | Mar 31, 2020 | Mar 31, 2019 |
| Salaries, bonus, etc. | 62 | 95 |
| Total | 62 | 95 |

Note:

(i) As gratuity and compensated absences provision are computed for all the employees in aggregate, the amounts relating to key managerial personnel cannot be individually identified.

34 LEASES

(Refer note 2.6)

| | As at |
|---|---------------------|
| | Mar 31, 2020 |
| A. Break-up of current and non-current lease liabilities : | |
| The following is the break-up of current and non-current lease liabilities as at March 31, 2020 | |
| Current lease liabilities | 113 |
| Non-current lease liabilities | 118 |
| Total | 231 |
| | As at |
| | Mar 31, 2020 |
| B. Movement in Lease liabilities : | |
| The following is the movement in lease liabilities during the year ended March 31, 2020 | |
| Balance as at April 1, 2019 | - |
| Reclassified on account of adoption of IND AS 116 (Refer note 2.4) | 169 |
| Additions | 165 |
| Finance costs accrued during the period | 13 |
| Payment of Lease liabilities | (120) |
| Translation difference | 4 |
| Balance as at March 31, 2020 | 231 |

Notes forming part of the Consolidated Financial Statements

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

| | As at Mar 31, 2020 |
|---|-----------------------|
| C. The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2020 on an undiscounted basis: | |
| Less than one year | 125 |
| One to five years | 131 |
| More than five years | - |
| Total | 256 |

| | Amount in Rs. Lakhs |
|--|------------------------|
| D. The impact of changes in accounting policy on account of adoption of Ind AS 116 is as follows: | |
| Increase in lease liability by | 231 |
| Increase in rights of use by | 221 |
| Increase in deferred tax assets by | 2 |
| Increase in finance cost by | 13 |
| Increase in depreciation by | 113 |

| | For the year ended Mar 31, 2020 |
|---|------------------------------------|
| E. Amounts recognized in profit or loss: | |
| Interest on lease liabilities | 13 |
| Expenses relating to short- term leases | 19 |

| | For the year ended Mar 31, 2020 |
|---|------------------------------------|
| F. Amounts recognized in statement of cash flows | |
| Total cash outflows for leases | 120 |

G. Effective April 1, 2019, the Group adopted Ind AS 116 "Leases", applied to all lease contracts existing on April 1, 2019 using the Simplified approach and accordingly, comparatives for the year ended March 31, 2019 have not been retrospectively adjusted. The adoption of the new standard resulted in recognition of Right-of-Use (ROU) of Rs. 169 and a lease liability of Rs. 169. The effect of this adoption is insignificant on the profit for the period and earnings per share.

| | As at Mar 31, 2020 | As at Mar 31, 2019 |
|--|-----------------------|-----------------------|
|--|-----------------------|-----------------------|

35 CAPITAL AND OTHER COMMITMENTS

(a) Capital Commitments

| | | |
|--|---|---|
| Estimated value of contracts in capital account remaining to be executed (net of advances) | 4 | 2 |
|--|---|---|

36 CONTINGENT LIABILITIES

(Refer note 2.13)

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

| | | |
|--------------------------------|--------------|--------------|
| Income tax matters [Note (b)] | 1,270 | 1,177 |
| Service tax matters [Note (c)] | 2,359 | 2,359 |
| | 3,629 | 3,536 |

(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 1,821, 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.

Notes forming part of the Consolidated Financial Statements

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

- (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.

37 CORPORATE SOCIAL RESPONSIBILITY (CSR)

As per Sec 135 of the Companies Act, 2013 applicable in the current year, gross amount required to be spent by the Company during the year is Rs 21 (2019: Rs 20) on various CSR initiatives. Amount spent during the year are mentioned below:

| Sector in which the project is covered | Particulars | For the year ended Mar 31, 2020 | For the year ended Mar 31, 2019 |
|--|--|---------------------------------|---------------------------------|
| Education of underprivileged children | U&I Trust | 21 | - |
| Promoting education, including special education | The College student & Graduates Association of the Blind | - | 5 |
| Promoting education, including special education | Samarthanam Trust for the Disabled | - | 15 |
| Promoting education, including special education | BHUMI | - | - |
| Eradicating hunger, poverty and malnutrition | The Akshaya Patra Foundation | - | * |
| Total | | 21 | 20 |

* Amount spent is Rs 25,000/-

38 Open offer and minimum public shareholding (MPS)

Pursuant to an offer for sale undertaken on June 10, 2019 and June 11, 2019, Xchanging Technology Services India Private Limited, a promoter of the Company, sold 17,599,461 equity share representing 15.8% of the share capital of the Company, thereby increasing the public shareholding to 25%. On completion of the offer for sale on June 11, 2019, the promoter shareholding in the Company is at 75% and the public shareholding is at 25% thereby complying with the minimum public shareholding requirements under Rule 19A of the Securities Contract Regulation Rules, 1957.

- 39 The Company has adopted the option of lower tax rate as provided in the Taxation Law Amendment Act, 2019 and the consequent impact on the tax expense has been considered for the year ended March 31, 2020.

40 Transfer Pricing

The Group has carried out international 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 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 consolidated financial statements, particularly on the amount of tax expense and that of provision for taxation for the current period.

- 41 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 in profit/(loss) for the year ended March 31, 2020 | | Share in other comprehensive income for the year ended March 31, 2020 | | Share in total other comprehensive income for the year ended March 31, 2020 | |
|--|--|----------|--|--------|---|--------|---|--------|
| | As % of consolidated net assets | Amount | As % of consolidated profit or loss | Amount | As % of consolidated other comprehensive income | Amount | As % of consolidated total other comprehensive income | Amount |
| Xchanging Solutions Limited* | 124% | (60,732) | 41% | 2,269 | 818 | 100% | 3,087 | 100% |
| <u>Indian Subsidiaries</u> | | | | | | | | |
| Nexplicit Infotech India Private Limited | 0% | (93) | 0% | (6) | - | - | - | - |

Notes forming part of the Consolidated Financial Statements

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

| Entity | Net assets, i.e., total assets minus total liabilities | | Share in profit/(loss) for the year ended March 31, 2020 | | Share in other comprehensive income for the year ended March 31, 2020 | | Share in total other comprehensive income for the year ended March 31, 2020 | |
|---|--|-----------------|--|--------------|---|-------------|---|-------------|
| | As % of consolidated net assets | Amount | As % of consolidated profit or loss | Amount | As % of consolidated other comprehensive income | Amount | As % of consolidated total other comprehensive income | Amount |
| Foreign Subsidiaries | | | | | | | | |
| Xchanging Solutions (Europe) Limited | 0% | (3) | -7% | (396) | - | - | - | - |
| Xchanging Solutions (Singapore) Pte Limited | 11% | (5,493) | 22% | 1,206 | - | - | - | - |
| Xchanging Solutions (Malaysia) Sdn Bhd | 0% | (51) | - | - | - | - | - | - |
| Xchanging Solutions (USA) Inc | (36%) | 17,580 | 44% | 2,397 | - | - | - | - |
| Total | 100% | (48,792) | 100% | 5,470 | 818 | 100% | 3,087 | 100% |

* Includes elimination adjustments also.

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

Loans given to fellow subsidiaries in which directors are interested:

| Name of the party | Relationship | Amount outstanding as at March 31, 2020 | Maximum balance outstanding during the year |
|---|-----------------|---|---|
| Xchanging Technology Services India Private Limited | Common Director | 908 (916) | 934 (926) |
| Xchanging Builders (India) Private Limited | Common Director | 725 (985) | 985 (988) |

Note: Figures in bracket relate to previous year

43 During the year, SGD 1 has been received on account of Job support scheme announced by the Singapore government. Payout for this assistance has been received in 2020.

44 Events after the reporting period

There are no events after the reporting period.

45 Approval of financial statements

The financial statements of the Group have been reviewed and recommended by the Audit Committee to the Board, and approved by the Board of Directors at its meeting held on May 22, 2020.

46 Previous year figures

Previous year figures have been regrouped / reclassified wherever necessary.

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

Bhavani Balasubramanian
Partner

Place: Chennai
Date: May 22, 2020

For and on behalf of the Board of Directors

Chandrasekhara Rao Boddaju
Managing Director and
Chief Executive Officer
DIN : 08185777

Place: Hyderabad
Date: May 22, 2020

Shrenik Kumar Champalal
Whole Time Director and
Chief Financial Officer
DIN : 08099410

Place: Bengaluru
Date: May 22, 2020

Aruna Mohandoss
Company Secretary
Place: Chennai
Date: May 22, 2020

FORM AOC – 1

Pursuant to first proviso to Sub-section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2018

Statement containing salient features of the financial 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. |
|--------|---|---------------------------------|--------------------------------|--|
| 1. | Date since when subsidiary was acquired | March 31, 2004 | July 2, 2004 | March 31, 2004 |
| 2. | Reporting period | April 1, 2019- March 31, 2020 | | |
| 3. | Reporting currency | 1 GBP= 93.53 | 1\$= 75.63 | 1 SGD= 53.09 |
| 4. | Share Capital | 0.001 | 7,509.86 | 1,222.50 |
| 5. | Reserves & Surplus | 3.93 | (25,109.59) | 4,283.08 |
| 6. | Total Assets | 3.93 | 13,011.86 | 7,069.23 |
| 7. | Total Current Liabilities | - | 1,926.76 | 1,565.16 |
| 8. | Investments | - | 20.70 | 62.48 |
| 9. | Turnover | 0 | 10,547.60 | 5,797.56 |
| 10. | Profit (Loss) before Taxation | (0.75) | 2,435.19 | 1,472.94 |
| 11. | Provision for taxation | - | (138.74) | 233.88 |
| 12. | Profit after taxation | (0.75) | 2,573.93 | 1,239.07 |
| 13. | Proposed dividend | - | - | - |
| 14. | Extent of shareholding (in percentage) | 100% | 100% | 100% |

Note:

* The Company is under liquidation.

Nexplicit Infotech India Private Limited and Xchanging Solutions (Malaysia) Sdn Bhd are the step-down subsidiaries of the Company. Both entities are under liquidation.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 19th Annual General Meeting (“**AGM**”) of the members of Xchanging Solutions Limited (“**the Company**”) will be held on Wednesday, September 23, 2020 at 10:00 A.M. IST through Video Conferencing / Other Audio Visual Means (“**VC**”/“**OAVM**”) to transact the following business:

ORDINARY BUSINESS

- To receive, consider and adopt:
 - the Audited Financial Statements of the Company for the financial year ended March 31, 2020, together with the Reports of the Board of Directors and the Auditors thereon; and
 - the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2020, together with the Report of the Auditors thereon.
- To appoint a Director in place of Mrs. Gidugu Kalpana Tatavarti (DIN 06644105), who retires by rotation and being eligible, offers herself for re-appointment.

By Order of the Board of Directors
For **Xchanging Solutions Limited**
Sd/-

Place : Bangalore
Date : May 22, 2020

Aruna Mohandoss
Company Secretary
Membership No: A24023

Registered office: -

Kalyani Tech Park - Survey No 1, 6 & 24,
Kundanhalli Village, K R Puram Hobli,
Bangalore – 560066

NOTES:

- In view of the outbreak of the COVID-19 pandemic and restrictions on the movements apart from social distancing at several places in the country and pursuant to Ministry of Corporate Affairs (“**MCA**”) General Circular numbers 20/2020, 14/2020, 17/2020 (“**MCA Circulars**”) and Circular number SEBI/HO/CFD/CMD1/CIR/P/2020/79 issued by the Securities and Exchange Board of India (“**SEBI Circular**”) (hereinafter collectively referred to as “**the Circulars**”), companies are allowed to hold AGM through VC/OVAM for the calendar year 2020 without the physical presence of members at a common venue. Hence, in compliance with the Circulars, the 19th Annual General Meeting (“**AGM**”) of the Company is being held through VC. The deemed venue for the AGM shall be Registered Office of the Company.
- In terms of the MCA Circulars since the physical attendance of Members has been dispensed with, there is no requirement of appointment of proxies. Accordingly, the facility of appointment of proxies by Members under Section 105 of the Companies Act, 2013 (“**The Act**”) will not be available for the AGM. However, in pursuance of Section 112 and Section 113 of the Act, representatives of the Members may be appointed for the purpose of voting through remote e-Voting, for participation in the AGM through VC/OAVM Facility and e-Voting during the AGM.
- Institutional/Corporate Shareholders (i.e. other than individuals/HUF, NRI, etc) are required to send a scanned copy (PDF/JPEG Format) of its Board Resolution or governing

body Resolution/Authorisation etc., authorising its representative to attend the AGM through VC/OAVM Facility on its behalf and to vote through remote e-voting. The said Resolution/Authorization shall be sent to the Scrutinizer by email through their registered email address to cs.ankushagarwal@gmail.com with copies marked to the Company at compliance@xchanging.com and to its Registrars and Transfer Agents (“**RTA**”) at einward.ris@kfintech.com.

- In terms of the applicable provisions of the Act, SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (“**SEBI Listing Regulations**”) read with the MCA Circulars and SEBI Circular, the Annual Report including Notice of the AGM of the Company will also be available on the website of the Company at <http://www.xchanging.com/investor-relations/xsl-content>. The same can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and on the website of e-voting agency M/s KFin Technologies Private Limited (“**KFin Technologies**”) at <https://evoting.karvy.com/>
- Since the AGM will be held through VC/OAVM Facility, the Attendance Slip, Proxy Form and Route Map are not annexed to the Notice.
- Company has appointed KFin Technologies, RTA of the Company, to provide Video Conferencing Facility for the AGM and to act as the attendant enablers for conducting the AGM.
- Pursuant to the provisions of the MCA Circulars on convening AGM through VC/OVAM:
 - Members can attend the meeting through log in credentials provided to them to connect to Video Conference. Physical attendance of the Members at the Meeting venue is not required.
 - Appointment of proxy to attend and cast vote on behalf of the member is not available.
 - Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate thereat and cast their votes through e-voting.
- The Members may join the AGM through VC/ OAVM Facility by following the procedure mentioned herein below in the Notice which shall be kept open for the Members from 9:45 A.M. IST i.e. 15 (Fifteen) minutes before the time scheduled to start the AGM and the Company may close the window for joining the VC/OAVM Facility after expiry of 15 (Fifteen) minutes from the scheduled time to start the AGM.
- Members may note that the VC/OAVM facility, provided by KFin Technologies, allows participation of at-least 1,000 Members on a first-come-first-served basis (“**FIFO**”). The large shareholders (i.e. shareholders holding 2% or more shareholding), promoters, institutional investors, directors, key managerial personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, auditors, etc. can attend the AGM without any restriction on account of FIFO principle.
- The attendance of the Members (members logins) attending the AGM through VC/ OAVM Facility shall be counted for the

Notice of Annual General Meeting

purpose of reckoning the quorum under Section 103 of the Act.

- 11. Remote e-Voting:** Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended, Secretarial Standard on General Meetings (“SS-2”) issued by the Institute of Company Secretaries of India (“ICSI”) and Regulation 44 of the SEBI Listing Regulations, as amended, and the MCA Circulars, the Company is providing facility of remote e-voting to its Members through e-Voting agency ‘KFin Technologies’.

The Remote e-voting period commences on September 20, 2020 (9:00 A.M. IST) and ends on September 22, 2020 (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 Wednesday, September 16, 2020, may cast their votes electronically.

- 12. Voting at the e-AGM:** Members who could not vote through remote e-voting may avail the e-voting system provided at the time of the meeting:

- The e-Voting “Thumb sign” on the left hand corner of the video screen shall be activated upon instructions of the chairman during the e-AGM proceedings. Shareholders shall click on the same to take them to the “instapoll” page.
- Members to click on the “Instapoll” icon to reach the resolution page and follow the instructions to vote on the resolutions.
- Only those shareholders, who are present in the e-AGM and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the e-AGM.

13. In case of joint holders attending the AGM, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.

14. Voting rights shall be reckoned on the paid-up value of shares registered in the name of member/beneficial owners (in case of electronic shareholding) as on the **Cut-off date i.e. Wednesday, September 16, 2020.**

15. The SEBI has mandated the submission of Permanent Account Number (“PAN”) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/Registrar and Share Transfer Agent.

16. Securities of listed companies would be transferred in dematerialised form only w.e.f. April 1, 2019. In view of the same, Members holding shares in physical form are requested to convert their holdings to dematerialized form to eliminate all risks associated with physical shares and for ease of portfolio management. Members can contact the Company’s RTA for assistance in this regard.

17. Relevant details in respect of the Director seeking re-

appointment at the AGM, in terms of Regulations 26(4) and 36(3) of the SEBI Listing Regulations and Clause 1.2.5 of SS- 2 issued by ICSI are also annexed to this notice as **Annexure I.**

18. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, September 17, 2020 to Wednesday, September 23, 2020 (*both days inclusive*) for the purposes of the AGM.

19. Mr. Ankush Agarwal, Practicing Company Secretary (C.P.No. 14486), has been appointed as the Scrutinizer for providing facility to the Members of the Company to scrutinize the remote e-voting process and casting vote through the e-voting system during the AGM in a fair and transparent manner.

20. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast during the AGM, thereafter unblock the votes cast through remote e-voting and make, not later than 48 hours of conclusion of the AGM, a consolidated Scrutinizer’s Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same. The resolutions, if passed by requisite majority, shall be deemed to have been passed on the date of the AGM i.e. September 23, 2020.

21. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company at <http://www.xchanging.com/investor-relations/xsl-content> and on the website of KFin Technologies at <https://evoting.karvy.com>, immediately after the declaration of result by the Chairman or any person authorized by him in writing and the same shall be communicated to BSE Limited and National Stock Exchange of India Limited.

22. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act, and the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act, will be available electronically for inspection by the members during the AGM.

23. The Company has designated an exclusive Email ID compliance@xchanging.com for redressal of shareholders complaints/grievances. For any investor related queries, you are requested to please write to us at the above Email ID.

Procedure for obtaining the Annual Report, AGM notice and e-voting instructions by the shareholders whose email addresses are not registered with the depositories or with RTA on physical folios:

On account of threat posed by COVID-19 and in terms of the MCA and SEBI Circulars, the Company has sent the Annual Report, Notice of AGM and e-Voting instructions only in electronic form to the registered email addresses of the shareholders. Therefore, those shareholders who have not yet registered their email address are requested to get their email addresses registered by following the procedure given below:

- Those shareholders who have registered/not registered their mail address and mobile number including address and bank details may please contact and validate/update their details with the Depository Participant in case of shares held in

Notice of Annual General Meeting

electronic form and with the Company's Registrar and Share Transfer Agent, M/s. KFin Technologies Private Limited, in case the shares held in physical form.

- Shareholders who have not registered their mail address and in consequence the Annual Report, Notice of AGM and e-voting notice could not be serviced, may temporarily get their email address and mobile number provided with the Company's Registrar and Share Transfer Agent, KFin Technologies Private Limited, by clicking the link: https://ris.kfintech.com/email_registration for sending the same. Shareholders are requested to follow the process as guided to capture the email address and mobile number for sending the soft copy of the notice and e-voting instructions along with the User ID and Password. In case of any queries, shareholder may write to einward.ris@kfintech.com.
- Shareholders may visit the website of the company <http://www.xchanging.com/investor-relations/xsl-content> or the website of the Registrar and Transfer Agent at <https://evoting.karvy.com> for downloading the Annual Report and Notice of the AGM.
- Alternatively member may send an e-mail request at the email id einward.ris@kfintech.com along with scanned copy of the signed copy of the request letter providing the email address, mobile number, self-attested PAN copy and Client Master copy in case of electronic folio and copy of share certificate in case of physical folio for sending the Annual report, Notice of AGM and the e-voting instructions.

Instructions for the Members for attending the AGM through Video Conference:

- Member will be provided with a facility to attend the AGM through video conferencing platform provided by M/s KFin Technologies Private Limited. Members may access the same at <https://emeetings.kfintech.com/> under shareholders/members login by using the remote evoting credentials. The link for AGM will be available in shareholder/members login where the EVENT and the name of the company can be selected. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice.
- Members are encouraged to join the Meeting through Laptops with Google Chrome for better experience.
- Further Members will be required to allow Camera, if any, and hence use Internet with a good speed to avoid any disturbance during the meeting.
- Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- Shareholders who would like to express their views/ask questions during the meeting may log into <https://emeetings.kfintech.com/> may post their queries/views/questions in the window provided by mentioning the name, demat account number/folio number, email id, mobile number.

Please note that, members questions will be answered only, the shareholder continue to hold the shares as of cut-off date benpos.

- Due to limitations of transmission and coordination during the Q&A session, the company may dispense with the speaker registration during the AGM conference.
- Shareholder who wish to register as speakers are requested to visit <https://emeetings.kfintech.com/> and click on 'Speaker Registration' during this period. The speaker registration shall commence on September 20, 2020 (9:00 A.M. IST) and ends on September 22, 2020 (5:00 P.M. IST). Members are requested to remember the same and wait for their turn to be called by the Chairman/ Company Secretary of the meeting during the Q&A Session. Due to limitations of transmission and coordination during the AGM, the Company may have to dispense with or curtail the Speaker Session, hence members are encouraged to send their queries/views/questions in advance.

Instructions for members for e-Voting during the AGM session:

- Only those Members/ shareholders, who will be present in the AGM through Video Conference facility and have not casted their vote through remote e-Voting are eligible to vote through e-Voting in the AGM.
- However, members who have voted through Remote e-Voting will be eligible to attend the AGM.

Instructions for members for Remote e-Voting

- 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, Secretarial Standard on General Meetings ("SS-2") issued by the Institute of Company Secretaries of India ("ICSI") 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 KFin Technologies Private Limited (Formerly known as Karvy Fintech Private Limited) (KFin Technologies) 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 KFin Technologies [for Members whose email IDs are registered with the Company/Depository Participants (s)]:

- Launch internet browser by typing the URL: <https://evoting.karvy.com>.
- 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 KFin Technologies for e-voting, you can use your existing User ID and password for casting your vote.
- After entering these details appropriately, click on

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“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”
- 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).
- 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 with a copy marked to evoting@karvy.com. The scanned image of the above mentioned documents should be in the naming format “**Corporate Name_Event No.**”

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> (KFin Technologies Website) or contact Mr. Anandan K, Manager, (Unit: Xchanging Solutions Limited) of KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited), Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 or at evoting@kfintech.com or phone no. 040 – 6716 1500 or call KFinTechnologies’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 to get e- voting confirmation.
- c. **The Remote e-voting period commences on September 20, 2020 (9:00 A.M. IST) and ends on September 22, 2020 (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 September 16, 2020, 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. September 16, 2020.
- 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., September 16, 2020, 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.kfintech.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 KFinTechnologies’s toll free number 1800-3454-001.

By Order of the Board of Directors
For **Xchanging Solutions Limited**
Sd/-

Place : Bangalore
Date : May 22, 2020

Aruna Mohandoss
Company Secretary
Membership No: A24023

Registered office: -
Kalyani Tech Park - Survey No 1, 6 & 24,
Kundanhalli Village, K R Puram Hobli,
Bangalore – 560066

Notice of Annual General Meeting

ANNEXURE - I TO THE NOTICE OF AGM

Details of Directors seeking re-appointment furnished pursuant to Regulation 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Clause 1.2.5 of the Secretarial Standard-2.

| | |
|---|---|
| Name of the Director | Gidugu Kalpana Tatavarti |
| DIN | 06644105 |
| Designation | Non-Executive Non-Independent Director |
| Date of Birth | 30 July 1966 |
| Age | 54 years |
| Nationality | Indian |
| Date of First Appointment on the Board | 27 March 2018 |
| Qualifications | Bachelor of Arts in English Literature and Diploma in Marketing and Sales |
| Profile | <p>Kalpana Tatavarti brings diverse experience of over 20 years spanning Marketing, Sales and Leadership Development.</p> <p>She is Founder of Parity Consulting and Training operating since May 2016, a boutique diversity and inclusion firm. The firm partners with organizations in building safe and inclusive workplaces. The firm is also empaneled with the Ministry of Women and Child Development as a service provider for conducting training on Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. She sits as an External Committee for organisations on their POSH Committee.</p> <p>Kalpana is also a certified Executive coach from the Coaching Foundation of India, besides being certified in psychometric instruments such as MBTI, FIRO- B, DISC and the EQi 2.0, she is also certified in Transactional Analysis.</p> <p>As an Angel Investor, she invests in early stage startups. She is a founder of Manasvini, an NGO that provides interest free micro credit to women in economically disadvantaged areas of urban cities to encourage their economic/business aspirations.</p> |
| Last Remuneration drawn | - |
| Remuneration to be paid | - |
| Number of Board Meetings attended during FY 2019-20 | 4 Board Meetings |
| Directorships held in other Companies as on March 31, 2020 | <ol style="list-style-type: none"> Parity Consulting and Training Private Limited Manasvini Women Empowerment Foundation |
| Relationship with other Directors, Key Managerial Personnel | Nil |
| Memberships/Chairmanships of Committees of other companies | Nil |
| Number of Stock Options | NA |
| Number of Shares held in the Company | - |



If undelivered please return to:

XCHANGING SOLUTIONS LIMITED

CIN: L72200KA2002PLC030072

Kalyani Tech Park - Survey No 1, 6 & 24,
Kundanhalli Village, K R Puram Hobli,
Bangalore – 560066