

# Price Waterhouse Chartered Accountants LLP

The Board of Directors  
Xchanging Solutions Limited  
SJR I-Park Plot No. 13, 14, 15  
EPIP Industrial Area, Phase I, Whitefield  
Bangalore - 560 066

1. We have reviewed the results of Xchanging Solutions Limited (the "Company") for the quarter ended September 30, 2015 which are included in the accompanying 'Statement of Standalone Unaudited Results for the Quarter Ended 30/09/2015' (the "Statement"), except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the Management but have neither been reviewed nor been audited by us. The Statement has been prepared by the Company pursuant to Clause 41 of the Listing Agreement with the Stock Exchanges in India, which has been initialised by us for identification purposes. This Statement is the responsibility of the Company's management and has been approved by the Board of Directors/ Committee of Board of Directors. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement.
3. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.
4. We have only traced the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' in the Statement from the disclosures made by the Management and are, therefore, not expressing a review opinion thereon.
5. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the Statement has not been prepared in all material respects in accordance with the applicable Accounting Standards notified pursuant to the Companies (Accounting Standards) Rules, 2006 as per Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and other recognised accounting practices and policies, and has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatement.
6. We draw your attention to Note 3 on the Statement, regarding redemption of certain debentures, aggregating to Rs. 62,500,000, by the Company in the year 2007; subsequent order of the Hon'ble High Court of Adjudicator at Madras restraining the Company from reflecting the redemption of debentures and to continue to show it as due and payable consequent to a petition filed by a third party; and non-reversal of the aforesaid redemption of debentures in the books of account of the Company pending admission and disposal of the appeal filed by the Company with the Hon'ble High Court of Adjudicator at Madras on July 26, 2011. Depending on the outcome of the Company's appeal, significant adjustments may be required to be made and reflected in the subsequent period financial reporting. Our conclusion is not qualified in this respect.

For Price Waterhouse Chartered Accountants LLP  
(FRN012754N/N500016)



Suchita Sharma  
Partner  
Membership Number: 073897

Place: Gurgaon  
Date: November 6, 2015

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



PART I Statement of Standalone Unaudited Results for the Quarter Ended 30/09/2015 (Rs in lakhs)							
Sl. No.	Particulars	Quarter ended 30/09/2015	Preceding Quarter ended 30/06/2015	Corresponding Quarter ended 30/09/2014 in the previous year	Year to date figures for current period ended 30/09/2015	Year to date figures for previous period ended 30/09/2014	Previous year ended 31/12/2014
	(Refer Notes Below)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1.	Income from operations						
	Net sales/ Income from operations	3,288	2,949	3,853	9,094	11,395	14,958
	Total Income from operations (net)	3,288	2,949	3,853	9,094	11,395	14,958
2.	Expenses						
	a) Employee benefits expenses	1,535	1,625	1,433	4,897	5,589	7,365
	b) Project work expenses	324	253	1,135	897	1,916	2,422
	c) Exchange loss / (gain)	(121)	(269)	91	(121)	136	143
	d) Depreciation and amortisation expense	83	99	100	296	304	450
	e) Other expenses	759	664	907	2,162	2,505	4,076
	Total Expenses	2,580	2,372	3,666	8,131	10,450	14,456
3.	Profit / (Loss) from operations before other income, finance costs and exceptional items (1-2)	708	577	187	963	945	502
4.	Other income	248	296	291	764	633	1,414
5.	Profit / (Loss) from ordinary activities before finance costs and exceptional items (3+4)	956	873	478	1,727	1,578	1,916
6.	Finance costs	5	5	5	15	15	20
7.	Profit / (Loss) from ordinary activities after finance costs but before exceptional items (5-6)	951	868	473	1,712	1,563	1,896
8.	Exceptional items (Gain) / Loss	-	-	(173)	-	(173)	515
9.	Profit / (Loss) from ordinary activities before tax (7-8)	951	868	646	1,712	1,736	1,381
10.	Tax expense / (credit)	323	388	92	679	854	659
11.	Net Profit / (Loss) for the period (9-10)	628	480	554	1,033	1,082	722
12.	Paid up equity share capital (Face value per share Rs. 10/-)	11,140	11,140	11,140	11,140	11,140	11,140
13.	Reserves excluding Revaluation Reserve as per balance sheet of previous accounting year (includes debit balance of profit & loss a/c, if any)						
14.	Earning / (Loss) per share (of Rs 10/- each) (not annualised)						6.347
	(a) Basic	0.56	0.43	0.50	0.93	0.97	0.65
	(b) Diluted	0.56	0.43	0.50	0.93	0.97	0.65

PART II Select Information for the Quarter ended 30/09/2015							
	Particulars	Quarter ended 30/09/2015	Preceding Quarter ended 30/06/2015	Corresponding Quarter ended 30/09/2014 in the previous year	Year to date figures for current period ended 30/09/2015	Year to date figures for previous period ended 30/09/2014	Previous year ended 31/12/2014
A	<b>PARTICULARS OF SHAREHOLDING</b>						
1.	Public shareholding						
	- Number of Shares	27,850,929	27,850,929	27,850,929	27,850,929	27,850,929	27,850,929
	- Percentage of shareholding	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%
2.	Promoters and promoter group Shareholding						
	a. Pledged / Encumbered						
	- Number of Shares	-	-	-	-	-	-
	- Percentage of shares (as a % of the total shareholding of Promoter and promoter group)	-	-	-	-	-	-
	- Percentage of shares (as a % of the total shareholding of the total share capital of the Company)	-	-	-	-	-	-
	b. Non Encumbered						
	- Number of Shares	83,552,787	83,552,787	83,552,787	83,552,787	83,552,787	83,552,787
	- Percentage of shares (as a % of the total shareholding of Promoter and promoter group)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
	- Percentage of shares (as a % of the total shareholding of the total share capital of the Company)	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%
B	<b>INVESTOR COMPLAINTS</b>	Quarter ended 30/09/2015					
	Pending at the beginning of the quarter	Nil					
	Received during the quarter	2					
	Disposed off during the quarter	2					
	Remaining unresolved at the end of the quarter	Nil					



Abhishek Singh

**Notes to above results :**

1. The above financial results of Xchanging Solutions Limited (the Company) have been reviewed and recommended by the Audit Committee, and approved by the Board of Directors on November 6, 2015 and a limited review has been carried out by the statutory auditors of the Company.
2. The Company has only one primary segment viz., Information Technology (IT) services and accordingly the above results relate to this segment.
3. On August 1, 2002, the Company issued 1,500,000, 11% debentures of face value of Rs. 100 each. The debentures were repayable at par at the end of five years from the date of issuance. Based on the orders of the Debt Recovery Tribunal, the Company had issued duplicate debenture certificates for 825,000 debentures in favour of a Bank and these debentures were redeemed in June 2007. Post redemption of these debentures, a civil suit was filed against the Company by Third Party claiming rights over the said 825,000 debentures. Decision on this suit is still pending before Hon'ble Madras High Court. On the basis of an interim application filed by the Third Party, the Hon'ble High Court passed an Interim Order in restraining the Company from reflecting the redemption of debentures and directing the Company to continue to show it as due and payable. The Company has filed an appeal against the interim order, pending which no adjustment has been made in these accounts.
4. In the ordinary course of business, the Company is subject to legal proceedings, claims and litigation. Xchanging Solutions Limited and its USA subsidiary, Xchanging Solution USA Inc., ("XSUI") is currently a defendant in a claim for an unspecified amount alleging a breach of warranties in the USA. The claim in question relates to a contract that was awarded to XSUI in 2006 and was subsequently sold by XSUI in 2007 to the claimant. The litigation is a fact intensive case for which the fact discovery and proceedings are ongoing in USA. Based on the facts produced and reviewed to date and legal advice thereon, the Company believes it is not probable that the claim will be successful. Therefore, no provision is required to be made at this stage.
5. Exceptional items for the previous year as per standalone results of the Company comprises of the following:
  - (i) The Company has strategic gross investments amounting to Rs. 2,222 in Xchanging Solutions (Europe) Limited, UK, its wholly owned subsidiary. Based on assessment of diminution in the value of investments, the Company had made a provision of Rs. 1,534 in prior years. During the previous year ended December 31, 2014, the Company had reassessed the investments for impairment using discounted cash flow method and as a result of this assessment, the Company had created additional provision of Rs. 688 during the quarter ended December 31, 2014 against the investments towards diminution in value considering it to be "a decline other than temporary".
  - (ii) During the quarter ended September 30, 2014, the Company had reversed a provision of Rs. 173 created in the prior years for an onerous lease held by the Company as the Company did not anticipate any outflow. As a result of the same and the effect of provision created in the quarter ended December 31, 2014 as per 5(i) above, the net effect for the year ended December 31, 2014 was Rs. 515.
6. The amounts for the previous periods have been reclassified wherever necessary to conform to the current period presentation.

Place : Bengaluru, India  
Date : November 6, 2015

By Order of the Board of Directors

  
Alok K. Shrivastava  
Executive Director &  
Chief Executive Officer

