

IN THE HIGH COURT OF KARNATAKA AT BANGALORE
(Original Jurisdiction)

In the matter of Companies Act, 1956
And
In the matter of Section 100 to 104 of the Companies Act, 1956

And
In the matter of Xchanging Solutions Limited

Company Petition No. of 2015

Xchanging Solutions Limited
SJR I Park, Plot No.13, 14, 15,
EPIP Industrial Area, Phase 1,Whitefield,
Bangalore-560066
Karnataka
...PETITIONER

**PETITION UNDER SECTIONS 100 TO 104 OF THE COMPANIES ACT,
1956 FOR CONFIRMING THE REDUCTION OF SHARE CAPITAL**

The petition of Xchanging Solutions Limited,, the Petitioner herein most respectfully submits as follows:

1. The address for services of the Petitioner is that of its counsel A.Murali, J. Sagar Associates, Advocates & Solicitors, 2nd Floor, Frontline Grandeur, 14 Walton Road, Bangalore- 560 001.
2. The above-named Company, the Petitioner herein (hereinafter called the "Company") was registered with the Registrar of Companies in Karnataka on the 1st day of February 2002, under the provisions of the Companies Act, 1956 (hereinafter called the "Act") as a company limited by shares. A certified true copy of the Certificate of Incorporation is annexed to this Petition as **Annexure A**.



3. The registered office of the Company is situated at SJR I Park, Plot No.13, 14, 15, EPIP Industrial Area, Phase 1, Whitefield, Bangalore-560066, Karnataka.
4. The shares of the Petitioner Company are listed on the Bombay Stock Exchange Limited (BSE Limited) and the National Stock Exchange Limited
5. The main objects of the Company are as follows:

(i) To carry on the business of designing, developing, assembling, licensing, improving, maintaining, servicing, buying, selling, marketing, importing, exporting, exchanging, supporting computer software applications and hardware technology including custom software applications, standard software products, embedded applications and other related tools and technologies both for local and overseas market, conduct research and development, assemble distribute, service, repair, trade, deal in, act as agents, export, import, buy, sell, lease, or to let out on hire and provide consultancy in hardware, including components and spares and software services related to computers, allied accessories, add-ons and office automation systems / equipment and to design, develop, integrate, buy, sell, add value, or take up turn key projects, provide substitution for import, export, support, maintain or otherwise deal in computer software, hardware and office automation systems and equipment used in any field.

(ii) To carry on the business as consultants and advisors in all or any of the activities of management, technical, industrial, financial,



accounting, taxation, commercial, marketing, advertising, personnel, labour, operational research, computer service, market - survey, project engineering, project appraisal, quality control, efficiency experts, publication of articles books, periodicals and journals, export marketing, issue of shares, debentures and other securities and stocks of all kinds and descriptions, processing, preparation, implementation and reviewing of project reports, critical path analysis, opinion polls, organization and methods and other modern management techniques and to establish and render any or all consultancy of professional and technical nature to industries, firms, associations, enterprises, institutions, bodies, corporate and all other types of concerns and to enter into any contracts in relation thereto.

(iii) To support Financial Industries by providing back office services such as processing of applications, claims, loans etc., and development of software programs, network administration, software training and consultancy.

A copy of the Memorandum of Association is annexed to this Petition as **Annexure B**

6. The authorized share capital of the Company is Rs. 125,00,00,000/- (Rupees One Hundred and Twenty Five Crores only) divided into 12,50,00,000/- (Twelve Crore Fifty Lakh) equity shares of Rs. 10/- (Rupees Ten) each, of which, 11,14,03,716 (Eleven Crore Fourteen Lakhs Three Thousand Seven Hundred and Sixteen) equity shares have been issued and have been fully paid up or credited as fully paid up. A copy of the audited balance sheet as on 31 December 2014 (being the latest audited financial year of the Petitioner) and Profit and Loss Accounts for the year ended on that date together



with Directors' and Auditors' Report are annexed to this Petition as **Annexure C.**

7. It is respectfully submitted that shortly after its incorporation, the Company commenced business, and it has since been and is still carrying on business of designing, development and programming of systems and application software.
8. It is respectfully submitted that as per the audited balance sheet of the Company made up to 31 December 2014 the assets and liabilities of the Company are as follows:

Liabilities	Amount (Rs. In Lacs)	Assets	Amount (Rs. In Lacs)
Share Capital	11,140	Current Assets	14,214
Reserves & Surplus	6,347	Non-current assets	10,965
Non-current liabilities	492		
Current liabilities	7,200		
Total	25,179	Total	25,179

9. The Board of Directors of the Company at its meeting held on 27th February 2015, superseding the earlier Board Resolution dated 7th November, 2014, resolved that subject to passing of this resolution by the shareholders and confirmation by the Hon'ble High Court of Karnataka, the paid-up share capital of the Company be reduced from Rs. 111,40,37,160/- comprising of 11,14,03,716 equity shares of Rs. 10/- each to Rs. 55,70,18,580/- comprising of 11,14,03,716



equity shares of Rs. 5/- each by returning a sum of Rs.5/- per equity share amounting to Rs. 55,70,18,580/- (Rupees Fifty Five Crores Seventy Lakhs Eighteen Thousand Five Hundred and Eighty) to the shareholders in proportion to their shareholding, to benefit them uniformly. The certified true copy of the resolution passed by the Board of Directors at its meeting held on 27th February 2015 is produced herewith and marked as **Annexure D.**

10. The reduction will be effected by reduction of paid-up capital of the Company from Rs. 111,40,37,160/- comprising of 11,14,03,716 equity shares of Rs. 10/- by returning a sum of Rs.5/- (Rupees Five Only) against each equity share, aggregating to an amount of Rs.55,70,18,580/- (Rupees Fifty Five Crores Seventy Lakhs Eighteen Thousand Five Hundred and Eighty), to the shareholders proportionate to their shareholding in the Company. There will be no cancellation of the shares of the Company. The face value of a share of the Company will be reduced from Rs. 10/- (Rupees Ten) to Rs. 5/- (Rupees Five). The reduced paid up capital will accordingly be Rs.55,70,18,580/- (Rupees Fifty Five Crores Seventy Lakhs Eighteen Thousand Five Hundred and Eighty) comprising of 11,14,03,716 (Eleven Crore Fourteen Lakh Three Thousand Seven Hundred and Sixteen) equity shares of Rs. 5/- (Rupees Five only) each.
11. It is respectfully submitted that Article 62 of the Articles of Association of the Company gives the authority to reduce its share capital.
12. It is submitted that the Board of Directors of the Company were of the opinion that the present paid-up share capital of Rs. 111,40,37,160 (Rupees One Hundred and Eleven Crores Forty Lakhs Thirty Seven Thousand One Hundred and Sixty only) is in excess of the



requirements of the Petitioner Company. In view of the accumulated non cash losses, the Company is unable to pay the dividend to the shareholders. It is also to be noted that the Company has not paid any dividend in the past and it is necessary to compensate the shareholders by return of cash on their investment. Therefore, it is proposed to reduce the paid-up share capital of the Petitioner company from Rs. 111,40,37,160 (Rupees One Hundred and Eleven Crores Forty Lakhs Thirty Seven Thousand One Hundred and Sixty only) comprising of 11,14,03,716 (Eleven Crore Fourteen Lakh Three Thousand Seven Hundred and Sixteen) equity shares of Rs. 10/- (Rupees Ten Only) each to Rs.55,70,18,580/- (Rupees Fifty Five Crores Seventy Lakhs Eighteen Thousand Five Hundred and Eighty) comprising of 11,14,03,716 (Eleven Crore Fourteen Lakh Three Thousand Seven Hundred and Sixteen) equity shares of Rs. 5/- each, subject to the confirmation of the Hon'ble High Court of Karnataka at Bangalore.

13. By a special resolution of the company, duly passed in accordance with Section 114 read with Section 110 of the Companies Act, 2013, by way of postal ballot on •, held after due notice as provided in the Act , it was resolved as follows:

“RESOLVED THAT pursuant to Section 100 to 104 and other applicable provisions of the Companies Act, 1956 and subject to other necessary consents, approvals, permissions and sanctions as may be necessary and subject further to the confirmation by the Hon'ble High Court of Karnataka, consent of the members be and is hereby accorded for the reduction of paid-up capital of the Company from Rs. 111,40,37,160 (Rupees One Hundred and Eleven Crores Forty Lakhs Thirty Seven Thousand One Hundred



and Sixty only) comprising of 11,14,03,716 (Eleven Crore Fourteen Lakh Three Thousand Seven Hundred and Sixteen) equity shares of Rs.10/-(Rupees Ten only) each to Rs. 55,70,18,580/- (Rupees Fifty Five Crores Seventy Lakhs Eighteen Thousand Five Hundred and Eighty only) comprising of 11,14,03,716 (Eleven Crore Fourteen Lakh Three Thousand Seven Hundred and Sixteen) equity shares of Rs. 5/- (Rupees Five only) each by returning a sum of Rs.5/- (Rupees Five Only) against each share aggregating to an amount of Rs. 55,70,18,580/- (Rupees Fifty Five Crores Seventy Lakhs Eighteen Thousand Five Hundred and Eighty only), to the members proportionate to their shareholding in the Company and as on the Record Date to be fixed by the Board of Directors of the Company upon the reduction becoming effective.

RESOLVED FURTHER THAT pursuant to the reduction of capital of the Company and subject to the confirmation of the reduction of share capital by the Hon'ble High Court of Karnataka, the existing Clause V of the Memorandum of Association of the Company be replaced to read as follows:

"V. The Authorised Share Capital of the Company is Rs. 125,00,00,000/- (Rupees One Hundred and Twenty Five Crores Only) divided into 25,00,00,000 (Twenty Five Crores) equity shares of Rs.5/- (Rupees Five only) each."

RESOLVED FURTHER THAT pursuant to the reduction of capital of the Company and subject to the confirmation of the reduction of share capital by the Hon'ble High Court of Karnataka, the existing Clause 4 of the Articles of Association of the Company be replaced to read as follows:



"4. The Authorised Share Capital of the Company is Rs. 125,00,00,000/- (Rupees One Hundred and Twenty Five Crores) divided into 25,00,00,000 (Twenty Five Crores) equity shares of Rs.5/- (Rupees Five only) each and the same is liable to be increased or reduced in accordance with the provisions of the Act."

RESOLVED FURTHER THAT any Director of the Company and the Chief Financial Officer and the Company Secretary of the Company be and are hereby severally authorised to apply to the High Court of Karnataka and Securities and Exchange Board of India/stock exchanges seeking sanction/approval to the above reduction in terms of Sections 100 to 104 of Companies Act 1956 and other applicable provisions of the Companies Act, to appoint advocates, scrutinizers and e-voting agencies for conducting the voting process, to file the forms with the relevant authorities, and do all such acts, deeds, and things as may be necessary for giving effect to the above resolutions.

RESOLVED FURTHER THAT for the purposes of giving effect to the reduction of the paid-up share capital of the Company as aforesaid any Director and the Chief Financial Officer and the Company Secretary be and are hereby severally authorized to agree to any modifications or conditions that may be imposed or stipulated by the Court / Tribunal or any other authority and to take all necessary steps and actions as the Board may in their discretion deem fit for the purposes of ensuring that the reduction is completed in a fair and equitable manner."

14. The Petitioner Company completed the posting of all postal ballot notices along with forms and explanatory statement on or about _____, 2015 to the eligible members. Mr. _____ was appointed



as the scrutinizer to conduct the postal ballot voting process. As per the records of the postal ballot received by the Petitioner Company, _____ members voted through postal ballot. The special resolution for capital reduction of the petitioner company was passed by way of postal ballot, details of which are given below:

- (a) •% voted in favour of the special resolution;
- (b) •% voted against the resolution;
- (c) •% of votes were invalid;

The certified extract of the minutes passed by postal ballot on • along with the notice of postal ballot and explanatory statement and the report submitted by the scrutinizer in respect of the voting by postal ballot conducted by the Company are annexed to this Petition as **Annexure E colly**.

15. The Petitioner Company applied for no-objection certificate from the Stock Exchanges for the proposed reduction in capital and has obtained the same. The copies of the no-objection letters dated • and • issued by the Bombay Stock Exchange Limited and the National Stock Exchange Limited respectively which was also included in the postal ballot notice to the shareholders is produced herewith as **Annexure F**.

16. The proposed reduction of share capital involves payment to the shareholders of the paid up share capital in the Company. It is therefore respectfully submitted that the provisions of Section 101(2) of the Act are attracted in the present facts and circumstances and the procedure laid down under Section 101(2) of the Act would be required to be followed.



17. It is submitted that the proposed return of capital to the members would address the issue of over-capitalisation faced by the Petitioner Company and would benefit all the members uniformly. The shareholding pattern would remain unchanged even after the implementation of the capital reduction. The capital restructuring will not affect the Petitioner Company's ability to fund its future growth plans as it would have sufficient cash surplus. The Company will be able to meet its financial obligations to its creditors in the ordinary course of business. Hence, the proposed reduction will not impact the creditors of the Petitioner Company. It is submitted that it is proposed to pay out of Rs. 55,70,18,580/- (Rupees Fifty Five Crores Seventy Lakhs Eighteen Thousand Five Hundred and Eighty only) from the Petitioner Company's surplus cash to shareholders by return of Rs. 5/- per equity share, thereby reducing the paid up share capital from Rs. 111,40,37,160 (Rupees One Hundred and Eleven Crores Forty Lakhs Thirty Seven Thousand One Hundred and Sixty only) to Rs. 55,70,18,580/- (Rupees Fifty Five Crores Seventy Lakhs Eighteen Thousand Five Hundred and Eighty only) under and pursuant to the special resolution approved by the members of the Petitioner Company by way of postal ballot, once confirmed by this Hon'ble Court will not adversely affect or prejudice the interests of the members or creditors.
18. The form of the minute proposed to be registered under Section 103(1)(b) is as follows:

The paid up equity share capital of Xchanging Solutions Limited is henceforth comprising of Rs. 55,70,18,580/- (Rupees Fifty Five Crores Seventy Lakhs Eighteen Thousand Five Hundred



and Eighty only) comprising of 11,14,03,716 (Eleven Crore Fourteen Lakh Three Thousand Seven Hundred and Sixteen) equity shares of Rs. 5/- (Rupees Five only) each, reduced from Rs. 111,40,37,160 (Rupees One Hundred and Eleven Crores Forty Lakhs Thirty Seven Thousand One Hundred and Sixty only) comprising of 11,14,03,716 (Eleven Crore Fourteen Lakh Three Thousand Seven Hundred and Sixteen) equity shares of Rs.10/- (Rupees Ten only) each. At the date of registration of this minute 11,14,03,716 (Eleven Crore Fourteen Lakh Three Thousand Seven Hundred and Sixteen) equity shares of Rs. 5/- (Rupees Five only) each have been issued and are deemed to be fully paid.

19. On the petition becoming effective, the accounting for Capital Reduction would be done in accordance with Accounting Standards as under :
 - i. On receipt of all approvals, the proposed Capital Reduction would result in the paid up share capital of the Company being reduced from Rs. 111,40,37,160 (Rupees One Hundred and Eleven Crores Forty Lakhs Thirty Seven Thousand One Hundred and Sixty only) comprising of 11,14,03,716 (Eleven Crores Fourteen Lakh Three Thousand Seven Hundred and Sixteen) equity shares of Rs.10/- (Rupees Ten only) each fully paid up to Rs. 55,70,18,580/- (Rupees Fifty Five Crores Seventy Lakhs Eighteen Thousand Five Hundred and Eighty only) comprising of 11,14,03,716 (Eleven Crore Fourteen Lakh Three Thousand Seven Hundred and Sixteen) equity shares of Rs. 5/- (Rupees Five only) each fully paid up.



- ii. Equivalent amount of Cash of Rs. 5/- (Rupees Five) per share amounting to Rs. 55,70,18,580/- (Rupees Fifty Five Crores Seventy Lakhs Eighteen Thousand Five Hundred and Eighty only) being paid to all the shareholders.
 - iii. The Company will comply with all the relevant accounting policies and accounting standards as regards accounting for reduction of capital.
20. Approval of the capital reduction by the Shareholders of the Company through Postal Ballot and E-Voting (Pursuant to Circular dated 4th February 2013 and 21st May 2013 issued by SEBI)
- i. The approval of the proposed reduction of Capital has been obtained from the shareholders of the Xchanging Solutions Limited through Postal Ballot and E-Voting.
 - ii. The capital reduction shall be acted upon only if the votes cast by the shareholders in favour of the proposal are more than the number of votes cast by the shareholder against it.

The Petitioner therefore prays:—

- (i) That the reduction of capital resolved on by the special resolution set out in Paragraph 13 above be confirmed;
- (ii) That to this end all inquiries and directions necessary and proper be made and given;
- (iii) That the form of minute under Section 103(1)(b) of the Act as set out in paragraph No.18 above be approved; and



(iv) That such further or other orders be made in the premises as to the Court shall deem fit.

Advocate for petitioner

Petitioner

Xchanging Solutions Limited

Bangalore

Date:



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(Original Jurisdiction)

In the matter of Companies Act, 1956
And

In the matter of Section 100 to 104 of the Companies Act, 1956
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Karnataka
...PETITIONER

AFFIDAVIT

I, •, S/o. Mr. •, and residing at • do hereby solemnly affirm and state on oath as follows:

1. I submit that I am the Director of the Petitioner Company. I know the facts of the case and accordingly I am swearing to this affidavit.
2. I submit that the averments contained in the accompanying Petition as at paragraph Nos.1 to 19 are true and correct to the best of my knowledge, information and belief.
3. I submit that Annexure A to F filed along with the Petition are true copies of their respective originals.



Solemnly affirmed and stated on oath on this the _____ day of _____, 2015 at Bangalore

Identified by me.

Advocate

Deponent

Bangalore

Date:



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Karnataka

...PETITIONER

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Bangalore

Date:

Advocate for Petitioner





To,

**The Audit Committee
Xchanging Solutions Limited**

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

Sirs,

We have been informed by **Xchanging Solutions Limited ("the Company")** (Formerly known as "Cambridge Solutions Limited") that there is a proposal under consideration for reduction of the paid up value of the equity shares of the company and that a portion of such paid up capital would be repaid to all the shareholders, *pari passu*, pursuant to such reduction and on obtaining inter alia, the approval of the High Court of Judicature of Karnataka under the provisions of Sections 100 to 104 of the Companies Act, 1956; (or Section 66 of the Companies Act, 2013, to be applicable, if notified in due course) including any statutory modification or re-enactment thereof for the time being in force.

We have further been informed by the company that the rationales for proposing the "Capital Reduction" are as under:-

1. The Capital Reduction will improve the return on Equity to the existing shareholders of the Company.
2. The Company has a significant surplus cash balance but since it does not have any distributable profits/ reserves it cannot declare a dividend to shareholders. The Company has a negative balance in Profit and Loss Account of Rs. 28.56 crores as per Audited Financial Statements as on December 31, 2013 and Rs. 23.28 crores as per Limited Review Report for the half year ended June 30, 2014. The primary cause of the negative balance was a non-cash exceptional loss of Rs. 129.91 crores booked in financial year ended on 31st Dec 2011 which relates to the recognition of impairment of loans and investments to Xchanging Solutions (USA), Inc. (Formerly known as Cambridge Solutions and Services Inc.), USA and Xchanging Solutions (Europe) Limited (Formerly Known as Cambridge Solutions Europe limited), UK, subsidiaries of the Company.
3. Performing a capital reduction will result in a cash payment to shareholders and will improve the expected return on capital invested going forward.
4. The Capital Reduction proposal would return surplus cash to all shareholders uniformly and equitably by the Company and the benefits thereof would be available to all members uniformly.
5. The Capital Reduction will not in any manner adversely affect or prejudice the interest of its shareholders, creditors or public at large.
6. The Capital Reduction would not affect the Company's ability to fund its future growth plans.



Further we have also been informed that the reasons why the company is not proposing Buy Back of shares instead are as under:-

1. The Promoter of the Company namely Xchanging (Mauritius) Limited, Mauritius, holds 75.00% of the total shareholding of the Company. Under the current scenario, if the Company opts to go for Buy Back of shares from the shareholders under the two most employed methods of Buy Back i.e. 1) Open Market Method, under which only Public Shareholders can tender their shares, the shareholding of the Promoter will indirectly increase due to extinguishment of shares tendered by the Public Shareholders and will thereby make the Company non compliant with the provisions of clause 40A of the Listing Agreement and Rule 19A of Securities and Contract (Regulation) Rules, 1957. The same would not be a viable option for the Company. 2) Under Tender Method of Buy Back the return of surplus will not be uniform and equitable among all the shareholders as the Promoter is also eligible to tender its shares. The surplus would be distributed to all the shareholders on proportionate basis as regard to the shares tendered and may result in unequal distribution of surplus. Comparatively, the Capital Reduction proposal would return surplus cash to all shareholders uniformly and on equitable basis by the Company and the benefits thereof would be available to all members uniformly. Also, the best option to pay the amounts in excess of Company's requirements without any restriction or cap as is applicable to a buy back under section 68 of the Companies Act, 2013 would be Capital Reduction process.
2. Under the Buy Back scheme the shareholders have an option to tender their shares, which may lead to change in the shareholding.

We have been provided with the audited financial statements of the Company as of December 31, 2013 and Limited Review Report for the half year period ended June 30, 2014 and nine months period ended September 30, 2014 respectively. We have also been provided with the management letters detailing Cash, Bank Balance and Deposits position and Loans (including interest) outstanding positions granted to fellow subsidiaries, Xchanging Technology Services India Private Limited ("XTSI"), India and Xchanging Builders (India) Private Limited ("XBPL"), India, as on June 30, 2014 and December 31, 2014 divulging the liquidity position of the Company. In addition, we have also been provided letters from the respective fellow subsidiaries Xchanging Technology Services India Private Limited, India and Xchanging Builders (India) Private Limited, India, acknowledging the outstanding loan (including interest) as on June 30, 2014 and December 31, 2014.

Having been so informed, we have been asked to report on the valuation of equity shares of the company for the purpose of the proposed reduction of capital as is required under the SEBI Circular no. CIR/CFD/DIL/5/2013 dated February 4, 2013.

As stated above, under the proposed capital reduction, the company intends to return a fixed portion of the amount paid up per share, *pari passu*, to all the shareholders. As the amount to be returned to each shareholder is fixed at Rs. 5 per share and is a portion of the Rs.10 paid up per share, in our opinion the share valuation is not relevant in the present case. However, *with* a view to assist the Audit Committee to make an informed recommendation, based on our verification of the said statements and based on explanations and representations made to us by the Company, we confirm as under:-



1. The Authorised Equity Share Capital of the company is Rs. 125 crores comprising 12,50,00,000 equity shares having face value of Rs. 10 each.
2. The Issued, subscribed and paid up equity capital of the company is Rs. 111.40 crores comprising 11,14,037,16 equity shares of Rs. 10 each, fully paid up.
3. The Reserves & Surplus position of the Company (comprising of Capital Reserve, Securities Premium account, Stock Compensation Adjustment and Profit & Loss Account) was Rs. 56.25 crore and Rs. 61.53 crore as on December 31, 2013 and June 30, 2014 respectively.
4. The Liquidity position of the Company as on December 31, 2013, June 30, 2014 and December 31, 2014 was as follows:

Particulars	(Amt. in Rs. Crores)		
	December 31, 2013	June 30, 2014	December 31, 2014*
Cash and bank balance including Deposits ^{\$}	50.16	43.46	59.42
Outstanding loan (including interest) granted to fellow Subsidiaries XTSIPL & XBPL and repayable on Demand	21.14	22.30	22.10
Total	72.30	65.76	81.52

\$ Includes only the Principal sum of Deposits and excludes the amount of Lien marked on Deposits

** Unaudited figures taken as per management letters*

We are informed that the capital reduction contemplated is for Rs.5 per equity share and this would result in Capital Reduction of Rs. 55.70 Crores with a corresponding reduction in the assets of the company to that extent.

This certificate has been issued at the specific request of the company. We undertake no further responsibility to update this certificate for new information subsequent to the date of this certificate.

For Kuldeep Kumar Gupta & Co.

Chartered Accountants

FRN: 002703C

CA. Kuldeep Kumar Gupta

Partner

M. No. - 71794

Place: Jaipur

Date: February 07, 2015



EXTRACT FROM THE MINUTES OF THE AUDIT COMMITTEE MEETING OF XCHANGING SOLUTIONS LIMITED HELD ON 27TH FEBRUARY 2015 AT 2.00 PM GMT / 7.30 PM IST AT WHITE FIELD OFFICE, BANGALORE

Reduction in the share capital of the Company

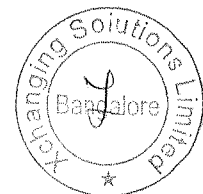
The Chairman of the committee invited the Chief Financial Officer to apprise the members on the proposed Capital Reduction issue.

The Chief Financial officer informed the members of the Committee that presently the authorized share capital of the Company is Rs. 125 crores comprising 12,50,00,000 equity shares having face value of Rs. 10 each and the paid up capital is Rs. 111.40 crores comprising 11,14,03,716 equity shares of Rs. 10 each, fully paid up.

He informed the members that the Board of Directors in their meeting held on November 07, 2014 had resolved to reduce the paid up share capital of the Company from Rs. 10/- to Rs. 5.50/- per shares, by returning to the holders of the equity shares a sum of Rs. 4.50/- per share, subject to approval of the shareholders, regulatory authorities and confirmation of the Hon'ble High Court of Karnataka or Tribunal. Subsequently, it was decided to increase the amount to be returned to the shareholder to Rs. 5/- per equity share thereby reducing the face value of the share from Rs. 10/- to Rs. 5/- per equity share. Accordingly it is proposed to reduce the face value of equity shares from Rs. 10/- (Rupees Ten Only) to Rs. 5/- (Rupees Five Only), subject to approval of the shareholders, regulatory authorities and confirmation of the Hon'ble High Court of Karnataka or Tribunal.

He then apprised the members of the Committee with the rationales for proposing the 'Capital Reduction' which were as follows:

1. Xchanging Solutions Ltd. (the "Company") has a significant surplus cash balance but since it does not have any distributable profits/ reserves, the Company cannot declare any dividend to the shareholders. The Company has a negative balance in Profit and Loss Account of Rs. 28.56 crores as per Audited Financial Statements as on December 31, 2013 and Rs. 23.28 crores as per Limited Review Report for the half year ended June 30, 2014. The primary cause of the negative balance was a non-cash exceptional loss of Rs. 129.91 crores booked in financial year ended on 31st Dec 2011 which relates to the recognition of impairment of loans and investments to Xchanging Solutions (USA), Inc. (Formerly known as Cambridge Solutions and Services Inc.), USA and Xchanging Solutions (Europe) Limited (Formerly Known as Cambridge Solutions Europe limited), UK, its subsidiaries.
2. The Capital Reduction will not in any manner adversely affect or prejudice the interest of any shareholders, creditors or public at large.



3. The Capital Reduction would not affect the Company's ability to fund its future growth plans.
4. The proposed Capital Reduction of Rs. 5/- per share as contemplated by the Company would result in capital reduction of Rs. 55.70 crores with a corresponding reduction in the assets of the company to that extent.

The Chief Financial Officer informed the members of the Committee that in terms of the Securities and Exchange Board of India ("SEBI") circular bearing no CIR/CFD/DIL/5/2013 dated 04th February 2013 and bearing no CIR/CFD/DIL/8/2013 dated 21st May, 2013, the above proposal was subject to the recommendation of the audit committee. The said proposal was to be considered by the audit committee after considering an Independent Chartered Accountants valuation report, fairness opinion of a Merchant Banker and the draft petition to be filed in the High Court of Karnataka or Tribunal.

He accordingly then tabled the following:

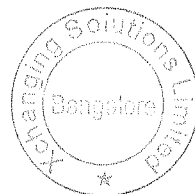
1. Valuation Report from M/s. Kuldeep Kumar Gupta & Co. dated February 07, 2015, Independent Chartered Accountants
2. Fairness Opinion from Hem Securities Limited (Merchant Banker) dated February 07, 2015, and
3. Draft Petition to be filed with the High Court of Karnataka or Tribunal.

Recommendations of the Audit Committee

"RESOLVED THAT the recommendation of the Audit Committee be and is hereby made to the Board of Directors for reducing the face value of the share from Rs. 10/- per equity shares to Rs. 5/- per equity shares, pursuant to provisions of Sections 100 to 104 and other applicable provisions of the Companies Act, 1956 including any statutory modification or re-enactment thereof for the time being in force and the provisions of the listing agreement and thereby reducing the paid-up share capital of the company from Rs. 111,40,37,160 (Rupees One Hundred and Eleven Crores Forty Lakhs Thirty Seven Thousand One Hundred and Sixty only) comprising of 111,403,716 equity shares of Rs. 10/- (Rupees Ten only) each to Rs.55,70,18,580 (Rupees Fifty Five Crore Seventy Lakhs Eighteen Thousand Five Hundred and Eighty Only) comprising of 111,403,716 equity shares of Rs. 5/- (Rupees Five only) each by paying off/returning to the holders of the equity shares a sum of Rs. 5/- (Rupees Five only) per share, subject to approval of the shareholders, regulatory authorities and confirmation of the Hon'ble High Court of Karnataka or Tribunal.

RESOLVED FURTHER THAT the Draft Petition for Capital Reduction of Rs. 5/- per share thereby reducing the face value of the share from Rs. 10/- to Rs. 5/-, Valuation Report & the Fairness Opinion tabled at the meeting, be and are hereby approved and recommended to the Board for its consideration and adoption."

**Certified True Copy
For and on behalf of Xchanging Solutions Ltd.**




**VINOD GOEL
(Chief Financial Officer)**

Dated: 24.03.2015

CIN : U67120RJ1995PLC010390

14/15, Khatau Bldg. 1st Floor, 40 Bank Street, Fort, Mumbai - 400 001. • Tel. : (022) 22671543 / 44, 22666156 / 57.
Fax : (022) 22625991 • E-mail : info@hemonline.com • Website : www.hemonline.com

To,

The Audit Committee,
Xchanging Solutions Limited
SJR I Park, Plot No.13-15
EPIP Industrial Area, Phase 1, Whitefield,
Bangalore-560066
Karnataka

Dear Sirs,

Sub: Proposed reduction in the face/ nominal value of fully, paid-up equity share of Rs. 10/- each under sections 100 to 104 of the Companies Act, 1956 (or Section 66 of the Companies Act, 2013, to be applicable, if notified in due course) ("Proposed Transaction")

We have received request from Xchanging Solutions Limited (Formerly known as "Cambridge Solutions Limited") for issue of fairness opinion ("Opinion") to avail necessary regulatory approval in relation to the Proposed Transaction.

In arriving at our opinion we have received historical financial, business information and relevant regulations including Companies Act, 1956 / 2013. We have also reviewed Independent Chartered Accountant certificate issued to Xchanging Solutions Limited by Kuldeep Kumar Gupta & Co. Chartered Accountants dated February 07, 2015.

In addition to the above we have had discussions with members of the management of Xchanging Solutions Limited (the "Company") on the past and current business operations of the concerned businesses, their future prospects and operations.

The rationales for proposing the "Capital Reduction" are as under:-

1. The Capital Reduction will improve the return on Equity to the existing shareholders of the Company.
2. The Company has a significant surplus cash balance but since it does not have any distributable profits/ reserves it cannot declare a dividend to shareholders. The Company has a negative balance in profit and loss account of Rs. 28.56 crores as per Audited Financial Statements as on December 31, 2013 and Rs. 23.28 crores as per Limited Review Report for the half year ended June 30, 2014. The primary cause of the negative balance was a non-cash exceptional loss of Rs. 129.91 crores booked in financial year ended on 31st Dec 2011 which relates to the recognition of impairment of loans and investments to Xchanging Solutions (USA), Inc. (Formerly known as



1

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Cambridge Solutions and Services Inc.), USA, Xchanging Solutions (Europe) Limited (Formerly Known as Cambridge Solutions Europe limited), UK, subsidiaries of the Company.

3. Performing a capital reduction will result in a cash payment to shareholders and will improve the expected return on capital invested going forward.
4. The Capital Reduction proposal would return surplus cash to all shareholders uniformly and equitably by the Company and the benefits thereof would be available to all members uniformly.
5. The Capital Reduction will not in any manner adversely affect or prejudice the interest of its shareholders, creditors or public at large.
6. The Capital Reduction would not affect the Company's ability to fund its future growth plans.

We are informed that the capital reduction contemplated is for Rs. 5/- per equity share and this would result in capital reduction of Rs. 55.70 Crores with a corresponding reduction in the assets of the company to that extent.

We assume no responsibility for the legal, tax, accounting or structuring matters including but not limited to legal or title concerns.

We wish to emphasize that, we have relied on explanations and information provided by respective key management and other public available information while verifying the application for reduction of capital. Conclusions reached by us are dependent on the information provided to us being complete and accurate in all material respects. Our scope of work does not enable us to accept responsibility for the accuracy and completeness of the information provided to us.

In giving our opinion, we have assumed and relied upon, without independent verification/audit, the accuracy and completeness of all information supplied or otherwise made available to us either in oral or written form, discussed with or reviewed by or for us, or publicly available. We have been given to understand that all information that was relevant for the purpose of our exercise was disclosed to us and we are not aware of any material information that has been omitted or that remains undisclosed. We have not conducted any evaluation or appraisal of any Assets or Liabilities of Xchanging Solutions Limited nor have we evaluated the solvency of Xchanging Solutions Limited, under any laws relating to bankruptcy, insolvency or similar matters. We have also assumed that the final Company Petition will be substantially same as the draft petition discussed with us.

Our opinion does not factor overall economic environment risk and other risks and is purely based on the information and representations provided to us. We have not assumed the risk of any material adverse change having impact on the businesses of Xchanging Solutions Limited in arriving at our final opinion.



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We express no view as to, our opinion does not address, the underlying business decision of Xchanging Solutions Limited to effect the proposed transaction or the merits of the proposed transaction. Our opinion does not constitute a recommendation to any shareholder of Xchanging Solutions Limited as to how shareholder should vote on the Proposed Transaction or any other matter related thereto. We are not expressing any opinion herein as to the prices at which the shares of the Xchanging Solutions Limited will trade following the announcement or consummation of the Proposed Transaction or as to prices at which shares of Xchanging Solutions Limited may be transacted.

Our opinion is not and does not purport to be an appraisal or otherwise reflective of the prices at which any business or securities actually could be ideally bought or sold by any party and are not indicative of actual value that might be achieved, which value may be higher or lower than those indicated.

Our opinion is necessarily based on financial, economic and other conditions as in effect on the date of issuing this Opinion, and the information made available to us as of, date hereof, including the capital structure of Xchanging Solutions Limited. It should be understood that subsequent developments may affect this Opinion and that we do not have any obligation to update, revise or reaffirm this Opinion.

In the ordinary course of business, our affiliate may actively trade or hold securities of the companies that may be subject matter of this transaction for our own account or for the account of our customers and, accordingly, may at any time hold position in such securities. In addition our affiliate may maintain relationships with Xchanging Solutions Limited and their respective affiliates.

This opinion is provided solely for the benefit of the audit committee members and the Board of Directors of Xchanging Solutions Limited and shall not confer rights or remedies upon any shareholder of Xchanging Solutions Limited or any other person other than the members of the audit committee and the Board of Directors of Xchanging Solutions Limited or be used for any other purpose. This Opinion may not be used or relied upon by nor is it issued for the benefit of third party including shareholders for any purpose whatsoever or disclosed, referred to or communicated by you (in whole or part) except with prior written consent in each instance. Provided however, this opinion may only be disclosed as may be required under any applicable law in India but we take no responsibility or liability for arising out of any such disclosure. We specifically disclaim any responsibility to any third party to whom this letter may be shown or who may acquire copy of this letter.

The laws of India govern all matters arising out of or relating to this opinion (including without limitation, its interpretation, construction, performance and enforcement)

With respect to any suit, action or any other proceedings relating to this Opinion the courts of competent jurisdiction at India shall have exclusive jurisdiction.



3

CIN : U67120RJ1995PLC010390

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Fax : (022) 22625991 • E-mail : info@hemonline.com • Website : www.hemonline.com

CONCLUSION

Subject to the above, we hereby certify that pursuant to clause 24 of the listing agreement and SEBI Circular dated February 04, 2013 it is our view that the proposed reduction of the face value of fully paid-up equity share from Rs. 10 per share to Rs. 5 per share and the valuation certificate made by the Independent Chartered Accountant, Kuldeep Kumar Gupta & Co. Chartered Accountants, is fair and reasonable.

Yours faithfully

For and on behalf of
Hem Securities Limited



CA. Yogesh Malpani
AVP-Investment Banking

Place: Mumbai

Date: 07/02/2015

Xchanging Tower
SJR iPark. EPIP Area. Whitefield
Bangalore-560 066, India

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xchanging.com

March 24, 2015

To,

The General Manager Listing Department National Stock Exchange of India Limited Exchange Plaza, Plot No. C /1, G Block, Bandra Kurla Complex Bandra (E) Mumbai 400051	The General Manager, Department of Corporate Services, BSE Limited, P.J. Towers, Dalal Street, Mumbai - 400 001.
--	--

Sub: Shareholding pattern of the Company pre and post Capital Reduction as per Clause 35 of the Listing Agreement.

Dear Sir,

Please find attached the shareholding pattern of the Company for the quarter ended 31st Dec' 2014. Since the Company is making Capital Reduction of Rs. 5/- per share for every share outstanding, there will not be any change in the shareholding pattern of the Company as such. Hence, the pre and post shareholding pattern will remain the same.

For Xchanging Solutions Limited

VINOD GOEL
(Chief Financial Officer)



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Bangalore-560 066, India

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XSL/SE/2015

Jan 19, 2015

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

Department of Corporate Services -
CRD
Bombay Stock Exchange Limited,
Floor 25, Phiroze Jeejeebhoy
Towers, Dalal Street
MUMBAI - 400 001
Fax No. 022 - 22723121

Dear Sir,

Sub: Shareholding Pattern as on December 31, 2014 as per Clause 35.

With reference to the above, we are attaching herewith the Shareholding Pattern of the Company as on the quarter ended December 31, 2014 as per Clause 35 of the Listing Agreement.

This is for your information and records.

Thanking you,

Yours faithfully,
for XCHANGING SOLUTIONS LIMITED


Alok Kumar Sinha
Chief Executive Officer



Certified true copy.



Poe and Post Shareholding Pattern

(1)(a) STATEMENT SHOWING SHAREHOLDING PATTERN IN CLAUSE-35			
NAME OF THE COMPANY: XCHANGING SOLUTIONS LIMITED		Name of the Scrip:	
SCRIP CODE:	532616		
Class of Security:			
QUARTER ENDED:	31/12/2014		
	No. of partly paid-up shares	As a % of total no. of partly paid-up shares	As a % of total no. of shares of the Company.
Partly paid-up shares			
Heid by promoter/promoter group	0	0	0
Heid by Public	0	0	0
Total:	0	0	0
	No. of outstanding securities	As a % of total no. of outstanding convertible securities.	As a % of total no. of shares of the Company assuming full conversion of the convertible securities
Outstanding convertible securities:			
Heid by promoter/promoter group	0	0	0
Heid by Public	0	0	0
Total:	0	0	0
	No. of warrants	As a % of total no. of warrants	As a % of total no. of shares of the Company, assuming full conversion of warrants
Warrants:			
Heid by promoter/promoter group	0	0	0
Heid by Public	0	0	0
Total:	0	0	0
Total paid-up capital of the Company, assuming full conversion of warrants and convertible securities	111403716	0	100.00

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Pre and Post Shareholding Pattern

CATEGORY CODE	CATEGORY OF SHAREHOLDER	NO OF SHAREHOLDERS	TOTAL NUMBER OF SHARES	NO OF SHARES HELD IN DEMATERIALIZED FORM	TOTAL SHAREHOLDING AS A % OF TOTAL NO OF SHARES		SHARES PLEDGE OR OTHERWISE ENCUMBERED	
					(VI) As a PERCENTAGE of (A+B)	(VII) As a PERCENTAGE of (A+B+C)	(VIII) NUMBER OF SHARES	(IX)=(VIII)/(IV)*100 AS a PERCENTAGE
(1)	PROMOTER AND PROMOTER GROUP							
(1)	INDIAN							
(a)	Individual /HUF	0	0	0	0.00	0.00	0	0.00
(b)	Central Government/State Government(s)	0	0	0	0.00	0.00	0	0.00
(c)	Bodies Corporate	0	0	0	0.00	0.00	0	0.00
(d)	Financial Institutions / Banks	0	0	0	0.00	0.00	0	0.00
(e)	Others	0	0	0	0.00	0.00	0	0.00
	Sub-Total A(1) :	0	0	0	0.00	0.00	0	0.00
(2)	FOREIGN							
(a)	Individuals (NRIs/Foreign Individuals)	0	0	0	0.00	0.00	0	0.00
(b)	Bodies Corporate	1	83552787	83552787	75.00	75.00	0	0.00
(c)	Institutions	0	0	0	0.00	0.00	0	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0.00	0	0.00
(e)	Others	0	0	0	0.00	0.00	0	0.00
	Sub-Total A(2) :	1	83552787	83552787	75.00	75.00	0	0.00
	Total A=A(1)+A(2)	1	83552787	83552787	75.00	75.00	0	0.00
(B)	PUBLIC SHAREHOLDING							
(1)	INSTITUTIONS							
(a)	Mutual Funds /UTI	1	300	300	0.00	0.00	0	0.00
(b)	Financial Institutions /Banks	3	403862	403862	0.36	0.36	0	0.00
(c)	Central Government / State Government(s)	0	0	0	0.00	0.00	0	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0.00	0	0.00
(e)	Insurance Companies	0	0	0	0.00	0.00	0	0.00
(f)	Foreign Institutional Investors	1	1117	1117	0.00	0.00	0	0.00
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0.00	0	0.00
(h)	Qualified Foreign Investor	0	0	0	0.00	0.00	0	0.00
(i)	Others	0	0	0	0.00	0.00	0	0.00
	Sub-Total B(1) :	5	405289	405289	0.36	0.36	0	0.00

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Pre and Post Shareholding Pattern

CATEGORY CODE	CATEGORY OF SHAREHOLDER (II)	NO OF SHAREHOLDERS (III)	TOTAL NUMBER OF SHARES (IV)	NO OF SHARES HELD IN DEMATERIALIZED FORM (V)	TOTAL SHAREHOLDING AS A % OF TOTAL NO OF SHARES		SHARES PLEDGE OR OTHERWISE ENCUMBERED		
					AS a PERCENTAGE of (A+B) (VI)	As a PERCENTAGE of (A+B+C) (VII)	NUMBER OF SHARES (VIII)	AS a PERCENTAGE (IX)=(VIII)/(IV)*100	
(2)	NON-INSTITUTIONS								
(a)	Bodies Corporate	501	1174633	1163656	1.05	1.05			
(b)	Individuals								
	(i) Individuals holding nominal share capital: upto Rs. 1 lakh	17468	3977168	3684648	3.57	3.57			
	(ii) Individuals holding nominal share capital in excess of Rs. 1 lakh	48	1254559	1254559	1.13	1.13			
(c)	Others								
	FOREIGN NATIONALS	1	12437	12437	0.01	0.01			
	FOREIGN BODIES	1	3008287	3008287	2.70	2.70			
	FOREIGN BODIES CORPORATES	1	13167551	13167551	11.82	11.82			
	NON RESIDENT INDIANS	108	639404	639877	0.57	0.57			
	OVERSEAS CORPORATE BODIES	1	300	300	0.00	0.00			
	CLEARING MEMBERS	30	11023	11023	0.01	0.01			
	TRUSTS	3	4200248	201	3.77	3.77			
	Qualified Foreign Investor	0	0	0	0.00	0.00			
	Sub-Total B(2):	18182	27446630	28136579	24.64	24.64			
	Total B=B(1)+B(2):	18187	27650929	23541878	25.00	25.00			
	Total (A+B):	18188	111403716	107094665	100.00	100.00			
(C)	Shares held by custodians, against which Depository Receipts have been issued								
(1)	Promoter and Promoter Group	0	0	0	0.00	0.00			
(2)	Public	0	0	0	0.00	0.00			
	GRAND TOTAL (A+B+C):	18188	111403716	107094665	100.00	100.00	0	0.00	0.00

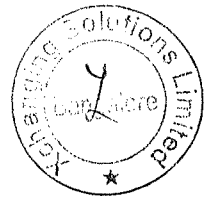
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Pree and Post Shareholding Pattern

Statement showing holding of securities (including shares, warrants, convertible securities) of persons belonging to the category "Promoter and Promoter Group"										
Sr.No	Name of the Shareholder	Details of Shares held			Encumbered shares (*)			Details of Warrants		Total Shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital
		No. of Shares held (iii)	As a % of grand total (A)+(B)+(C) (iv)	Pledge Shares (v)	AS a percentage (VI)=(V)/(iii)*100 (vi)	AS a % of grand total (A) + (B) + (C) of sub-clause (i)(a) (vii)	Number of warrants held (viii)	As a % total number of warrants of the same class (ix)	Number of convertible securities held (x)	
	1 XCHANGING (MAURITIUS) LIMITED	83552787	75.00		0	0.00	0	0.00	0	0.00
	TOTAL :	83552787	75.00		0	0.00	0	0.00	0	0.00

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Poe and Past Shareholding Pattern

Sr. No.	Name of the shareholder	Number of shares held	Shares as a percentage of total number of shares (i.e. Grant total (A)-(B)-(C) para (IX)(a) above)	Details of warrants		Details of convertible securities		Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital
				Number of warrants held	As a % total number of warrants of the same class	Number of convertible securities held	% w.r.t total number of convertible securities of the same class	
1	ISCARBERT HOLDINGS MAURITIUS LIMITED	13167551	11.62	0	0.50	0.02	11.22	
2	SIKON ANNET PENSION SCHEME	4206047	3.71	0	0.00	0.00	3.71	
3	SIKATRA FINANCE LIMITED	3098287	2.70	0	0.00	0.00	2.70	
	TOTAL :	20374885	18.29	0	0.00	0.00	18.29	

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Pre and Post Shareholding Pattern

Sr. No.	Name(s) of the shareholder(s) and the Persons Acting in Concert (PAC) with them	Number of shares held	Shares as a percentage of total number of shares (i.e. Govt total /AFC)(SFC) indicated in Statement at para 11(a) above)	Details of warrants		Details of convertible securities		Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of listed share capital
				Number of warrants held	As a % total number of warrants of the same class	Number of convertible securities held	As a % total number of convertible securities of the same class	
1	SECANSENT HOLDINGS PRIVATE LIMITED	13187551	11.82	0	0.00	0	0.00	11.82
	TOTAL	13187551	11.82	0	0.00	0	0.00	11.82

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Pre and Post Shareholding Pattern

STATEMENT SHOWING DETAILS OF LOCKED-IN SHARES			
(i)(d)			
		Number of locked-in shares	Locked-in shares as a (%) percentage of total number of shares {i.e, Grand Total (A)+(B)+(C) Indicated in Statement at para (f)(a) above}
Sr.No.	Name of the shareholder		Promoter/Promoter Group/Public
	TOTAL :	0	0

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Pre and Post Shareholding Pattern

STATEMENT SHOWING DETAILS OF DEPOSITORY RECEIPTS (DRS)			
(II)(a)			
Sr.No.	Type of outstanding DR (ADRs, GDRs, SDRs, etc)	Number of outstanding underlying DRs	Number of shares underlying outstanding DRs
		0	0
TOTAL :			0

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Pre and Post Shareholding Pattern

(II)(b)	Statement showing Holding of Depository Receipts (DRs), where underlying shares held by "Promoter/Promoter group" are in excess of 1% of the total number shares.			
	Type of outstanding DR (ADRs, GDRs, SD Rs. etc.)	Number of shares underlying outstanding DRs	Shares underlying outstanding DRs as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para(I)(a) above}	
Sr.No.	Name of the DR Holder			
	TOTAL :	0		0

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ANNEXURE I

The financial details of the Company for the previous 3 years as per the audited statement of Accounts:

Name of the Company: **Xchanging Solutions Limited**

(Rs. in Crores)

	As per last Audited Financial Year	1 year prior to the last Audited Financial Year	2 years prior to the last Audited Financial Year
	Dec-14	Dec-13	Dec-12
Equity Paid up Capital	111.40	111.40	111.40
Reserves and surplus (including negative balance of Profit and Loss Account)	63.47	56.25	34.71
Carry forward losses	21.34	28.56	50.10
Net Worth*	174.23	167.01	145.47
Miscellaneous Expenditure	-	-	-
Secured Loans	1.58	1.26	0.92
Unsecured Loans	-	-	-
Fixed Assets	7.24	6.95	7.12
Income from Operations	149.58	112.11	99.78
Total Income	163.72	130.66	108.02
Total Expenditure	144.76	103.33	89.08
Profit before Tax	13.81	28.98	13.58
Profit after Tax	7.22	21.54	6.43
Cash profit	11.72	25.88	9.87
EPS	0.65	1.93	0.58
Book value	15.64	14.99	13.06

*Capital reserve which represents waiver of liability and Stock compensation adjustment reserve does not constitute free reserves as such and accordingly has been excluded from Net Worth.

For Xchanging Solutions Limited


VINOD GOEL
(Chief Financial Officer)



PART I Statement of Standalone Audited Results for the Year Ended 31/12/2014						
Sl. No.	Particulars	Quarter ended 31/12/2014	Preceding quarter ended 30/09/2014	Corresponding quarter ended 31/12/2013 in the previous year	Year ended 31/12/2014	Year ended 31/12/2013
	(Refer Notes Below)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	(Audited)
1	Income from operations				14,958	11,211
	Net sales/ Income from operations	3,563	3,853	3,047	14,958	11,211
2	Total income from operations (net)	3,563	3,853	3,047		
	Expenses				7,365	6,034
a)	Employee benefits expenses	1,776	1,809	1,637	2,422	842
b)	Project work expenses	588	709	233	143	(777)
c)	Exchange loss / (gain)	7	91	(10)	450	434
d)	Depreciation and amortisation expense	146	100	123	4,076	2,936
e)	Other expenses	1,571	907	919	14,456	8,539
	Total Expenses	4,006	3,667	2,902		
3	Profit from operations before other income, finance costs and exceptional items (1-2)	(443)	186	145	602	1,072
4	Other income	781	291	581	1,414	1,078
5	Profit from ordinary activities before finance costs and exceptional items (3+4)	338	477	726	1,916	2,750
6	Finance costs	5	5	5	26	17
7	Profit from ordinary activities after finance costs but before exceptional items (5-6)	333	472	721	1,890	2,733
8	Exceptional items (Gain) / Loss	688	(173)	(165)	515	(165)
9	Profit (+) / Loss (-) from ordinary activities before tax (7-8)	(355)	645	686	1,301	2,898
10	Tax expense	5	92	(335)	659	744
11	Net Profit (+) / Loss (-) for the period (9-10)	(360)	553	1,221	722	2,154
12	Paid up equity share capital (Face value per share Rs 10/-)	11,140	11,140	11,140	11,140	11,140
13	Reserves excluding Revaluation Reserve as per balance sheet of previous accounting year (includes debit balance of profit & loss a/c, if any)				6,347	5,655
14	Earning / (Loss) per share (of Rs 10/- each) (not annualised)					
	(a) Basic	(0.32)	0.50	1.10	0.65	1.93
	(b) Diluted	(0.32)	0.50	1.10	0.65	1.95

PART II Select Information for the year ended 31/12/2014						
	Particulars	Quarter ended 31/12/2014	Preceding quarter ended 30/09/2014	Corresponding quarter ended 31/12/2013 in the previous year	Year ended 31/12/2014	Year ended 31/12/2013
A.	PARTICULARS OF SHAREHOLDING					
1.	Public shareholding					
	- Number of Shares	27,850,929	27,856,829	27,850,929	27,850,929	27,850,929
	- Percentage of shareholding	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
	- Percentage of shares (as a % of the total shareholding of Promoter and promoter group)	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%

Particulars		Quarter ended 31/12/2014
B	INVESTOR COMPLAINTS	
	Pending at the beginning of the quarter	Nil
	Received during the quarter	Nil
	Disposed of during the quarter	Nil
	Remaining unresolved at the end of the quarter	Nil

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Xchanging Solutions Limited		(Rs in lakhs)	
Standalone Statement of Assets and Liabilities			
Particulars		As at 31/12/2014	As at 31/12/2013
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital		11,140	11,140
(b) Reserves and surplus		6,547	5,625
	Sub-total - Shareholders' funds	17,687	16,765
Non-current liabilities			
(a) Long-term borrowings		150	126
(b) Other long-term liabilities		32	17
(c) Long-term provisions		302	560
	Sub-total - Non-current liabilities	482	703
Current liabilities			
(a) Trade payables		1,939	1,926
(b) Other current liabilities		2,558	2,667
(c) Short-term provisions		2,703	1,815
	Sub-total - Current liabilities	7,200	6,408
	TOTAL - EQUITY AND LIABILITIES	25,179	24,078
ASSETS			
Non-current assets			
(a) Fixed assets		724	695
(b) Non-current investments		6,185	5,874
(c) Deferred tax assets		997	621
(d) Long-term loans and advances		3,024	3,394
(e) Other non-current assets		134	105
	Sub-total - Non-current assets	10,955	10,649
Current assets			
(a) Trade receivables		5,064	4,270
(b) Cash and bank balances		5,948	5,053
(c) Short-term loans and advances		871	1,790
(d) Other current assets		2,311	2,308
	Sub-total - Current assets	14,214	13,428
	TOTAL - ASSETS	25,179	24,078

(Rs in lakhs)						
PART I						
Statement of Consolidated Audited Results for the Year Ended 31/12/2014						
Sl. No.	Particulars	Quarter ended 31/12/2014	Preceding quarter ended 30/09/2014	Corresponding quarter ended 31/12/2013 in the previous year	Year ended 31/12/2014	Year ended 31/12/2013
	(Refer Notes Below)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	(Audited)
1	Income from operations	7,148	7,770	6,510	20,895	24,309
	Net sales/ income from operations	7,148	7,770	6,510	20,895	24,309
	Total income from operations (net)					
2	Expenses	4,029	4,292	4,105	16,942	15,512
	a) Employee benefits expenses	1,635	1,520	653	4,461	1,970
	b) Project work expenses	15	(8)	141	50	(826)
	c) Exchange loss / (gain)	150	107	131	477	489
	d) Depreciation and amortisation expense	2,757	1,510	1,886	7,267	5,150
	e) Other expenses	8,826	7,420	6,997	29,137	22,395
	Total Expenses					
3	Profit from operations before other income, finance costs and exceptional items (1-2)	(1,470)	350	(487)	(442)	2,094
4	Other income	1,583	288	1,481	2,307	1,480
5	Profit from ordinary activities before finance costs and exceptional items (3+4)	215	616	894	1,925	3,484
6	Finance costs	5	5	6	20	17
7	Profit from ordinary activities after finance costs but before exceptional items (5-6)	210	611	888	1,905	3,467
8	Exceptional items (Gain) / Loss	(1,095)	(173)	(165)	(1,268)	(438)
9	Profit (+) / Loss (-) from ordinary activities before tax (7-8)	1,305	784	1,453	3,173	3,029
10	Tax expense	(32)	98	(311)	662	874
11	Net Profit (+) / Loss (-) for the period (9-10)	1,338	686	1,484	2,511	3,031
12	Paid up equity share capital (Face value per share Rs 10/-)	11,140	11,140	11,140	11,140	11,140
13	Reserves excluding Revaluation Reserve as per balance sheet of previous accounting year (includes debit balance of profit & loss a/c, if any)				19,286	16,735
14	Earning / (Loss) per share (of Rs 10/- each) (not annualised)					
	(a) Basic	1.20	0.62	1.31	2.25	2.72
	(b) Diluted	1.20	0.62	1.31	2.25	2.72

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Xchanging Solutions Limited		(Rs in lakhs)	
Consolidated Statement of Assets and Liabilities		As at	As at
Particulars		31/12/2014	31/12/2013
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	11,140	11,140	
(b) Reserves and surplus	16,288	15,736	
Sub-total - Shareholders' funds	30,428	27,876	
Non-current liabilities			
(a) Long-term borrowings	158	126	
(b) Other long-term liabilities	32	47	
(c) Long-term provisions	567	560	
Sub-total - Non-current liabilities	757	733	
Current liabilities			
(a) Trade payables	3,580	4,194	
(b) Other current liabilities	3,369	3,582	
(c) Short-term provisions	2,810	2,265	
Sub-total - Current liabilities	9,759	10,022	
TOTAL - EQUITY AND LIABILITIES	40,944	38,631	
ASSETS			
Non-current assets			
(a) Fixed assets	16,609	16,539	
(b) Deferred tax assets	997	821	
(c) Long-term loans and advances	4,116	3,354	
(d) Other non-current assets	134	105	
Sub-total - Non-current assets	21,856	20,819	
Current assets			
(a) Trade receivables	6,656	4,668	
(b) Cash and bank balances	7,541	7,514	
(c) Short-term loans and advances	862	1,911	
(d) Other current assets	3,996	3,836	
Sub-total - Current assets	19,055	17,929	
TOTAL - ASSETS	40,911	38,748	

Notes to above results :

- 1 a) The above financial results of Xchanging Solutions Limited (the Company) and its subsidiaries (the Group) have been reviewed and recommended by the Audit Committee and approved by the Board of Directors on February 27, 2015.
b) The Board of Directors in their meeting held on November 07, 2014 had resolved to reduce the paid-up share capital of the Company from Rs. 10/- to Rs. 5.50/- per share. Subsequently, the Board of Directors, in their meeting held on February 27, 2015, has approved a reduction of share capital by way of reducing the nominal value of equity share of the Company from Rs. 10 per share to Rs. 5 per share, subject to the approval of the shareholders, regulatory authorities and the High Court of Karnataka.
- 2 The Company has only one primary segment viz., Information Technology (IT) services and accordingly the above results also relate to this segment.
- 3 On August 1, 2002, the Company issued 1,500,000, 11% debentures of face value of Rs. 100 each. The debentures were repayable at par at the end of five years from the date of issuance. Based on the orders of the Debt Recovery Tribunal, the Company had issued duplicate debenture certificates for 625,000 debentures in favour of a Bank and these debentures were redeemed in June 2007. Post redemption of these debentures, a civil suit was filed against the Company by Third Party claiming rights over the said 625,000 debentures. Decision on this suit is still pending before Hon'ble Madras High Court. On the basis of an interim application filed by the Third Party, the Hon'ble High Court passed an Interim Order in restraining the Company from retreating 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 or result in a material impact on the financial statements. Therefore, no provision is required to be made at this stage.
- 5 (a) Exceptional items for the year as per consolidated results of the Group comprises the following:
(i) During the year, the Company received a confirmation from the liquidator of one of its erstwhile subsidiary, confirming offset of its liability which is no longer payable. As the amount had been written off in the earlier years, Rs. 1,095 has been now written back.
(ii) Rs. 173 relates to reversal of provision created in the prior years for an onerous lease held by the Company, as the Company does not anticipate any outflow now.
(b) Exceptional items for the previous year as per consolidated results of the Group comprises the following:
(i) Rs. 273 relating to partial receipt of loan already written off in prior years.
(ii) Rs. 165 arising on reversal of provision for portion of the security deposit made in previous year.
- 6 (a) Exceptional items for the year as per standalone results of the Company comprises 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 year, the Company has reassessed the investments for impairment using discounted cash flow method and as a result of this assessment, the company has created additional provision of Rs. 688 against the investments towards diminution in value considering it to be a decline other than temporary.
(ii) Rs. 173 relates to reversal of provision created in the prior years for an onerous lease held by the Company, as the Company does not anticipate any outflow now.
(b) Exceptional items for the previous year as per standalone results of the Company amounting to Rs. 165 relates to reversal of provision for portion of the security deposit made in previous year.
- 7 The amounts for the previous year have been reclassified wherever necessary to conform to the current year's presentation.

By Order of the Board of Directors

Alok K Sinha
Alok K Sinha
Executive Director &
Chief Executive Officer

Place : Bangalore, India
Date : February 27, 2015

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 E: info@xchanging.com



xchanging.com

XSL/SE/2015

Jan 14, 2015

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

Department of Corporate Services -
 CRD
 BSE Limited,
 Floor 25, Phiroze Jeejeebhoy Towers,
 Dalal Street
MUMBAI - 400 001
 Fax No. 022 - 22723121

Dear Sir,

Sub: Quarterly Corporate Governance Report for the quarter ended Dec 31, 2014

With reference to the above, we are enclosing herewith quarterly Corporate Governance Report for the quarter ended Dec 31, 2014 as per Clause 49 of the Listing Agreement.

This is for your information and records.

Thanking you,

Yours faithfully,
 for XCHANGING SOLUTIONS LIMITED


 Alok Kumar Sinha
 Chief Executive Officer



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QUARTERLY COMPLIANCE REPORT ON CORPORATE GOVERNANCE

Name of the Company: XCHANGING SOLUTIONS LIMITED
 Quarter Ended: 31.12.2014
 Stock Code: NSE: XCHANGING BSE: 532616

DATE: 14.01.2015

Particulars	Clause of the Listing Agreement	Compliance Status as on 31.12.2014 Yes/No	Remarks
II. Board of Directors	49 (II)		
(A) Composition of Board	49 (IIA)	Yes	
(B) Independent Directors	49 (IIB)	Yes	The applicable disclosures would be made in Annual Report for year ended 31.12.2014
(C) Non Executive Directors' Compensation & Disclosures	49 (IIC)	Yes	
(D) Other Provisions as to Board and Committees	49 (IID)	Yes	
(E) Code of Conduct	49 (IIE)	Yes	
(F) Whistle Blower Policy	49 (IIF)	Yes	
III. Audit Committee	49 (III)		
(A) Qualified and Independent Audit Committee	49 (IIIA)	Yes	
(B) Meeting of Audit Committee	49 (IIIB)	Yes	
(C) Powers of Audit Committee	49 (IIIC)	Yes	
(D) Role of Audit Committee	49 (IIID)	Yes	
(E) Review of Information by Audit Committee	49 (IIIE)	Yes	
IV. Nomination and Remuneration Committee	49 (IV)	Yes	
V. Subsidiary Companies	49 (V)	NA	With regard to Clause 49(V)(A), the Company does not have a material non-listed Indian Subsidiary and hence the same is not applicable to us and the Company has complied with other provisions of Clause 49 (V).
VI. Risk Management	49 (VI)	Yes	
VII. Related Party Transactions	49 (VII)	Yes	
VIII. Disclosures	49 (VIII)		
(A) Related party transactions	49 (VIIIA)	Yes	Details of material related party transaction during quarter ended Dec'14 is attached as Annexure "A"

Alok Singh



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(B) Disclosure of Accounting Treatment	49 (VIII B)	Yes	
(C) Remuneration of Directors	49 (VIII C)	Yes	Will be complied in Annual Report for the year ended 31.12.2014
(D) Management	49 (VIII D)	Yes	Will be complied in Annual Report for the year ended 31.12.2014
(E) Shareholders	49 (VIII E)	Yes	
(I) Proceeds from public issues, rights issues, preferential issues etc.	49 (VIII I)	NA	
IX. CEO/CFO Certification	49 (IX)	Yes	Will be complied in Annual Report for the year ended 31.12.2014
X. Report on Corporate Governance	49 (X)	Yes	Will be complied in Annual Report for the year ended 31.12.2014
XI. Compliance	49 (XI)	Yes	Will be complied in Annual Report for the year ended 31.12.2014

Abk Singh



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ANNEXURE "A"

Xchanging Solutions Limited (XSL)

Details of Material Related Party Transaction for the Quarter ended Dec' 2014

Following material related party transaction was entered by the Company with its wholly owned subsidiary, Xchanging Solutions (USA) Inc. ('XSUI') during the quarter ended Dec' 2014:

1. Services availed by the Company from XSUI (including reimbursement of expenses) amounting to INR 5.28 Mn.
2. Services provided by the Company to XSUI (including reimbursement of expenses) amounting to INR 63.56 Mn.

All the transactions are in ordinary course of business and are at arm's length basis.



Abhishek Gulde

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ANNEXURE III

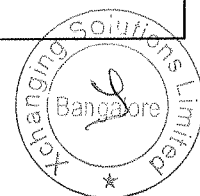
Compliance report with the requirements specified in Part-A of the circular CIR/CFD/DIL/5/2013 dated February 4, 2013 read with circular no. CIR/CFD/DIL/8/2013 dated May 21, 2013

Sub: Application under Clause 24(f) of the listing agreement for the proposed Petition of Xchanging Solutions Limited

Dear Sir,

In connection with the above application, we hereby confirm that we satisfy all the conditions as stipulated in the aforesaid SEBI circular, as given hereunder:

Sr. No.	Requirements as per CIR/CFD/DIL/5/2013 dated February 4, 2013 read with circular no. CIR/CFD/DIL/8/2013 dated May 21, 2013	Whether Complied or not & How
1.	Listed companies shall choose one of the stock exchanges having nation-wide trading terminals as the designated stock exchange for the purpose of coordinating with SEBI.	Complied. BSE Limited is chosen as Designated Stock Exchange
Compliance as per Part A, Annexure I to the Circular		
2.	Documents to be submitted:	
2.a	Draft Scheme of arrangement/ amalgamation/ merger/ reconstruction/ reduction of capital, etc.	Complied. Documents submitted with application
2.b	Valuation Report from Independent Chartered Accountant	Complied. Documents submitted with application
2.c	Report from the Audit Committee recommending the Draft Scheme	Complied. Documents submitted with application
2.d	Fairness opinion by merchant banker	Complied. Documents submitted with application
2.e	Pre and post shareholding pattern of the company	Complied. Documents submitted with application
2.f	Audited financials of last 3 years (financials not being more than 6 months old) of the company;	Complied. Documents submitted with application
2.g	Compliance with Clause 49 of Listing Agreement	Complied. Documents submitted with application
2.h	Complaints Report	Will be submitted within 7 days of expiry of 21 days from the date of filing of this application
3.	The equity shares sought to be listed are proposed to be allotted by the unlisted Issuer (transferee entity) to the holders of securities of a listed entity (transferor entity) pursuant to a scheme of reconstruction or amalgamation (Scheme) sanctioned by a High Court under Section 391-394 of the Companies Act, 1956	Not Applicable



Sr. No.	Requirements as per CIR/CFD/DIL/5/2013 dated February 4, 2013 read with circular no. CIR/CFD/DIL/8/2013 dated May 21, 2013	Whether Complied or not & How
4.	At least 25% of the post scheme paid up share capital of the transferee entity shall comprise of shares allotted to the public holders in the transferor entity.	Not Applicable
5.	The transferee entity will not issue/reissue any shares, not covered under the Draft scheme.	Not Applicable
6.	As on date of application there are no outstanding warrants/ instruments/ agreements which give right to any person to take the equity shares in the transferee entity at any future date. If there are such instruments stipulated in the Draft scheme, the percentage referred to in point (4) above, shall be computed after giving effect to the consequent increase of capital on account of compulsory conversions outstanding as well as on the assumption that the options outstanding, if any, to subscribe for additional capital will be exercised.	Not Applicable
7.	The shares of the transferee entity issued in lieu of the locked-in shares of the transferor entity are subjected to the lock-in for the remaining period.	Not Applicable

For Xchanging Solutions Limited



VINOD GOEL
(Chief Financial Officer)



Dated: 24.03.2015