



SETHI AGARWAL & ASSOCIATES

CHARTERED ACCOUNTANTS

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Auditors' Report

To
The Board of Directors of Xchanging Solutions USA Inc
Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **Xchanging Solutions USA Inc** ("the company"), which comprise the Balance Sheet as at 31st March 2018, the Statement of Profit and Loss, the Cash Flow Statement and the statement of changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the 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 internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.



Auditor's Responsibility

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

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2018;
- b) in the case of the Statement of Profit and Loss, of the loss for the period ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the period ended on that date.
- d) in the case of the Changes in Equity Statement, of the changes in equity for the year ended on that date.

I. As required by Section 143 (3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss, Cash Flow Statement and changes in equity dealt with by this Report are in agreement with the books of account.
- e) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- g) On the basis of written representations received from the directors as on 31st March, 2018, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018, from being appointed as a director in terms of Section 164(2) of the Act.
- h) With respect to the other matters included in the Auditor's Report and to our best of our information and according to the explanations given to us:



i) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any.

II This Report has been furnished for the purpose of complying with Sec 129 and other applicable sections of Companies Act, 2013 . It is not to be used for any other purpose or distributed to any other authority.

FOR SETHI AGARWAL & ASSOCIATES
Chartered Accountants



ANKUR AGARWAL
Partner
Membership No: 507073
FRN:020918N
Place: Gurgaon
Date: 23rd May 2018

Xchanging Solutions (USA) Inc.
Balance Sheet as at March 31, 2018

	Notes	As At Mar 31, 2018 USD	As At Mar 31, 2018 INR	As At Mar 31, 2017 USD	As At Mar 31, 2017 INR
ASSETS					
Non-current assets					
Fixed assets					
Property, plant and equipment	5	-	-	406	26,414
Financial assets					
Non-current investments	6	27,370	1,783,062	27,370	1,779,584
		<u>27,370</u>	<u>1,783,062</u>	<u>27,776</u>	<u>1,805,998</u>
Current assets					
Financial assets					
Trade receivables	7	1,221,303	79,563,682	2,596,755	168,839,741
Cash and cash equivalents	8	7,542,739	491,383,647	5,966,045	387,909,323
Other financial assets	9	2,215,189	144,311,991	2,071,454	134,684,924
		<u>10,979,231</u>	<u>715,259,320</u>	<u>10,634,254</u>	<u>691,433,988</u>
TOTAL		<u>11,006,601</u>	<u>717,042,382</u>	<u>10,662,030</u>	<u>693,239,986</u>
EQUITY AND LIABILITIES					
Shareholders' funds					
Share capital	10	9,930,062	646,909,578	9,930,062	645,647,766
Reserves and surplus	11	(39,431,471)	(2,568,825,473)	(42,573,233)	(2,768,090,747)
Total Equity		<u>(29,501,409)</u>	<u>(1,921,915,895)</u>	<u>(32,643,171)</u>	<u>(2,122,442,981)</u>
Non-Current liabilities					
Financial liabilities					
Other financial liabilities (Long term)	12	37,929,096	2,470,950,910	37,929,096	2,466,131,237
		<u>37,929,096</u>	<u>2,470,950,910</u>	<u>37,929,096</u>	<u>2,466,131,237</u>
Current liabilities					
Financial liabilities					
Trade payables	13	2,355,979	153,483,965	5,293,170	344,159,337
Current tax liabilities (net)	14	222,935	14,523,402	82,935	5,392,393
		<u>2,578,914</u>	<u>168,007,367</u>	<u>5,376,105</u>	<u>349,551,730</u>
TOTAL		<u>11,006,601</u>	<u>717,042,382</u>	<u>10,662,030</u>	<u>693,239,986</u>

See accompanying notes forming part of the financial statements

As per our report of even date

Sethi Agarwal & Associates
Chartered Accountants
Firm Registration No. 020918N



CA. Ankur Agarwal
Partner
Membership No. 507073

Place: New Delhi
Date: MAY 23, 2018

For and on behalf of the Board of Directors of
Xchanging Solutions (USA) Inc.

HC Charles Diao
President & Treasure
05-23-2018

Xchanging Solutions (USA) Inc.

Statement of Profit and Loss for the 12 months ended March 31, 2018

	Notes	For the 12 months period ended		For the 15 months period ended	
		Mar 31, 2018 USD	Mar 31, 2018 INR	Mar 31, 2017 USD	Mar 31, 2017 INR
Revenue					
Revenue from operations	15	14,899,780	970,669,696	23,547,714	1,531,060,826
Other income	16	563,831	36,731,666	371,355	24,145,320
		<u>15,463,611</u>	<u>1,007,401,362</u>	<u>23,919,069</u>	<u>1,555,206,146</u>
Expenses					
Employee benefits expense	17	6,457,650	420,693,797	10,429,044	678,091,330
Other operating costs	18	5,760,111	375,251,535	10,235,734	665,522,412
Depreciation and amortisation	19	406	26,440	1,522	98,960
		<u>12,218,167</u>	<u>795,971,772</u>	<u>20,666,300</u>	<u>1,343,712,702</u>
Profit (Loss) before prior period, exceptional items and taxation		3,245,444	211,429,590	3,252,769	211,493,444
Exceptional items				-	-
Profit/ (loss) before taxation		<u>3,245,444</u>	<u>211,429,590</u>	<u>3,252,769</u>	<u>211,493,444</u>
Tax expense		103,682	6,754,532	80,750	5,250,325
Profit/ (loss) for the period		<u>3,141,762</u>	<u>204,675,058</u>	<u>3,172,019</u>	<u>206,243,119</u>
Earnings / (loss) per share (Equity shares, par value \$1 each (2015 - \$1))					
Basic and diluted		<u>0.32</u>	<u>20.61</u>	<u>0.32</u>	<u>20.77</u>
Weighted average number of equity shares used in computing earning per share					
Basic and diluted		<u>9,930,062</u>	<u>9,930,062</u>	<u>9,930,062</u>	<u>9,930,062</u>

See accompanying notes forming part of the financial statements

As per our report of even date


Sethi Agarwal & Associates
Chartered Accountants
Firm Registration No. 323201E

CA. Ankur Agarwal
Partner
Membership No. 1057931

Place: New Delhi

Date: MAY 23, 2018

For and on behalf of the Board of Directors of
Xchanging Solutions (USA) Inc.


HC Charles Diao
President & Treasure
May 23, 2018

Xchanging Solutions (USA) Inc.

Cash Flow Statement for the 12 months period ended March 31, 2018

	For the 12 months period ended		For the 15 months period ended	
	Mar 31, 2018 USD	Mar 31, 2018 INR	Mar 31, 2017 USD	Mar 31, 2017 INR
A. Cash flow from operating activities				
Profit/ (loss) for the year	3,141,762	204,675,058	3,172,019	206,243,119
Adjustments for:				
Depreciation and amortisation	406	26,440	1,522	98,960
Tax expense	103,682	6,754,532	80,750	5,250,325
Foreign exchange (gain) /loss - net - unrealised	3,843	250,379	41,595	2,704,487
Provision for doubtful advances	-	-	-	-
Provision for bad and doubtful debts	35,922	2,340,177	56,991	3,705,527
Write back of Liabilities	563,831	36,731,666	371,355	24,145,320
Operating profit before working capital changes	3,849,446	250,778,252	3,724,232	242,147,738
Movements in working capital :				
Decrease / (Increase) in sundry debtors	1,339,531	87,265,852	(393,192)	(25,565,143)
Decrease / (Increase) in loans and advances and other financial assets	(147,578)	(9,614,209)	(257,417)	(16,737,128)
Increase / (Decrease) in current liabilities and provisions	(3,361,022)	(218,959,116)	401,544	26,108,179
Net Cash from/ (used in) operations	1,680,376	109,470,779	3,475,167	225,953,646
Income Tax(Paid) / Refund net	(103,682)	(6,754,532)	(80,750)	(5,250,325)
Net cash from/ (used in) Operating activities	1,576,694	102,716,247	3,394,417	220,703,321
Net increase/ (decrease) in cash and cash equivalents	1,576,694	102,716,247	3,394,417	220,703,321
Cash and cash equivalents at the beginning of the year	5,966,045	388,667,428	2,682,806	174,434,699
Cash and cash equivalents at the end of the period	7,542,739	491,383,675	6,077,222	395,138,020

Components of cash and cash equivalents:

Cash on hand

Balances with banks

- in Current Account

7,542,739	491,383,647	5,966,045	387,909,323
7,542,739	491,383,647	5,966,045	387,909,323

See accompanying notes forming part of the financial statements

As per our report of even date


Sethi Agarwal & Associates
Chartered Accountants
Firm Registration No. 020918N

CA. Ankur Agarwal
Partner
Membership No. 507073

Place: New Delhi

Date: MAY 23, 2018

For and on behalf of the Board of Directors of
Xchanging Solutions (USA) Inc.


HC Charles Diao
President & Treasurer
05-23-2018

Xchanging Solutions (USA) Inc.

Notes Forming Part of the Financial Statement

12. Statement of Changes in Equity for the Year ended March 31, 2018

a EQUITY SHARE CAPITAL	USD	INR
Balance at January 1, 2016	9,930,062	669,881,983
Changes in equity share capital during the period	-	-
Exchange rate movement	-	(24,234,217)
Balance at March 31, 2017	9,930,062	645,647,766
Changes in equity share capital during the year	-	-
Exchange rate movement	-	1,261,812
Balance at March 31, 2018	9,930,062	646,909,578

b OTHER EQUITY

Particulars	Reserves & Surplus		Total other equity	
	Retained earnings (USD)	Total other equity (USD)	Retained earnings (INR)	Total other equity (INR)
Balance as of January 1, 2016	(45,745,252)	(45,745,252)	(2,974,333,869)	(2,974,333,869)
Profit/(Loss) for the period	3,172,019	3,172,019	206,243,122	206,243,122
Recognition of share-based payments				-
Other comprehensive income for the period, net of income tax				-
Balance as of March 31, 2017	(42,573,233)	(42,573,233)	(2,768,090,747)	(2,768,090,747)

Particulars	Reserves & Surplus			Total other equity
	Retained earnings (USD)	Total other equity (USD)	Retained earnings (INR)	
Balance as of April 1, 2017	(42,573,233)	(42,573,233)	(2,768,090,747)	(2,768,090,747)
Profit/(Loss) for the year	3,141,762	3,141,762	204,675,058	204,675,058
Exchange rate movement			(5,409,783)	(5,409,783)
Balance as of March 31, 2018	(39,431,471)	(39,431,471)	(2,568,825,472)	(2,568,825,472)


As per our report of even date

Sethi Agarwal & Associates
Chartered Accountants
Firm Registration No. 020918N


CA. Ankur Agarwal
Partner
Membership No. 507073

Place: New Delhi
Date: MAY 23, 2018

For and on behalf of the Board of Directors of
Xchanging Solutions (USA) Inc.


HC Charles Diao
President & Treasurer
05 - 23 - 2018

Xchanging Solutions (USA) Inc.

Notes forming part of the financial statements

1. Background

Xchanging Solutions (USA) Inc., (formerly Cambridge Solutions & Services Inc.,) [hereafter referred as "XSUS or the Company], was incorporated on June 29, 2001, as a Delaware Corporation. The Company is a wholly owned subsidiary of Xchanging Solutions Ltd, (XSL or the Holding Company) with effect from July 2, 2004.

2. Funding of Future Operations

As at March 31, 2018, the Company has significant accumulated losses amounting to \$ 39.43 million resulting in negative net-worth of \$ 29.50 million. These matters raise a substantial doubt that the Company will be able to continue as a going concern.

The Holding company has committed to fund the shortfall, if any. Accordingly, the financial statements have been prepared on a going concern basis and no adjustments have been made towards the realization value of the assets of the Company or the classification of assets in the balance sheet.

3. Basis of preparation

The financial statements of the Company have been prepared in accordance with IND-AS's notified under the Companies (Indian Accounting Standard) Rules, 2015. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

- a) The functional currency of the Company is United States Dollar ('USD' or '\$') and the reporting currency of the financial statements in Indian Rupee ('INR')
- b) For the convenience of the readers the balance sheet, as at March 31, 2018 and as at March 31, 2017, and the Profit and Loss account for both the periods/years have been translated into INR at the exchange rate of USD 1= INR 65.15 for March 31, 2018 and at the exchange rate of USD 1=INR 65.02 for March 31, 2017. The convenience translation should not be construed as a representation that the USD amounts or the INR amounts referred to in these financial statements have been, could have been, or could in the future be, converted into INR or USD as the case may be, at this or at any other rate of exchange, or at all. Wherever movement schedule is provided in the financial statement, the opening balance are converted at USD 1= INR 65.15 for March 31, 2018 and at the exchange rate of USD 1=INR 65.02 for March 31, 2017.

4. Summary of Significant Accounting Policies

4.1 Use of estimates

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

4.2 Property, plant & equipment and depreciation

(i) Tangible assets are stated at cost of acquisition less accumulated depreciation and impairment losses. Cost comprises the purchase price and any directly attributable costs of bringing the assets to their working condition for their intended use.

The carrying amounts are reviewed at each balance sheet date when required to assess whether they are recorded in excess of their recoverable amounts, and where carrying values exceed this estimated recoverable amount, assets are written down to their recoverable amount.



Xchanging Solutions (USA) Inc.

Notes forming part of the financial statements

(ii) Losses arising from the retirement of, and gains or losses arising from disposal of fixed assets which are carried at cost are recognised in the Statement of Profit and Loss.

(iii) Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

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

	Years
Computers	3
Vehicles	2-5
Office Equipment	5
Furniture and Fixtures	5

(iv) Capital work-in-progress: Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

4.3 Intangible Assets and Amortisation

Intangible assets are stated at cost of acquisition less accumulated depreciation and impairment losses.

Intangible assets are recognised only if it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets comprises of Computer Software, Goodwill, Software license rights and Product development costs. Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss.

- (i) Computer softwares which are held for use in business / administrative purposes are amortised over an estimated useful life of two years.
- (ii) Software License Rights purchased are amortized over their estimated useful life ranging from one to four 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.

4.4 Leases

Finance lease

Assets acquired under lease where the Company has substantially all the risks and rewards of ownership are classified as finance lease. Such lease is capitalised at the inception of the lease at lower of the fair value or the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each period. Lease management fees, legal charges and other initial direct costs are capitalised.

Operating lease

Assets acquired on lease where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating lease. Lease rentals on assets taken on operating lease are recognised as an expense in the Profit and Loss Account on a straight line basis over the lease term. Operating leases, which are



Xchanging Solutions (USA) Inc.

Notes forming part of the financial statements

renewed, after the primary lease period and have not been opted for transfer of ownership, are reclassified to finance lease prospectively.

4.5 Investments

Non-current 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.

4.6 Impairment of assets

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

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

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

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

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

4.7 Revenue recognition

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

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



Xchanging Solutions (USA) Inc.

Notes forming part of the financial statements

4.8 Foreign currency transactions

(i) Initial recognition:

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Subsequent recognition:

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

All monetary assets and liabilities in foreign currency are restated at the end of accounting period other than those monetary assets which are provided for being doubtful of recovery.

Exchange differences on restatement of all monetary items are recognised in the Statement of Profit and Loss.

(iii) Forward exchange contracts not intended for trading or speculation purposes:

The premium or discount arising at the inception of forward exchange contracts entered into to hedge an existing asset/liability, is amortised as expense or income over the life of the contract. Exchange differences on such a contract are recognised in the Statement of Profit and Loss in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such a forward exchange contract are recognised as income or as expense for the period.

(iv) Forward exchange contracts outstanding as at the period end on account of firm commitment / highly probable forecast transactions are marked to market and the losses, if any, are recognised in the Statement of Profit and Loss and gains are ignored in accordance with the Announcement of Institute of Chartered Accountants of India on 'Accounting for Derivatives' issued in March 2008.

4.9 Employee benefits

Retirement benefits to employees comprise of leave encashment. Short term compensated absences are provided for based on estimates.

4.10 Taxes on income

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

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 Holding 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.

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.



Xchanging Solutions (USA) Inc.

Notes forming part of the financial statements

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.

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.

4.11 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.

4.12 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.

4.13 Segment reporting

Identification of segments: The Company's operating businesses are organised and managed separately according to the nature of services rendered. The analysis of geographical segments is based on the geographical location of the Company's customer.

Inter segment transfers: The Company generally accounts for inter segment sales and transfers as if the sales or transfers were to third parties at current market prices.

Allocation of common costs: Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.



Xchanging Solutions (USA) Inc.

Notes forming part of the financial statements

Unallocated items: The unallocated items include general corporate income and expense items which are not allocated to any business segment.

4.14 Project work expenses

Project work expenses represents amounts charged by sub-contractors and cost of hardware and software incurred for execution of projects. These expenses are recognised on an accrual basis.

4.15 Cash and Cash equivalents

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.

4.16 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.

4.17 Other Income

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

4.18 Operating Cycle

All assets and liabilities have been classified as current or non-current as per the Holding 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 Holding Company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets and liabilities.

4.19 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company accounting policies described above, the management of the Company are 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. However, there are no areas of estimation uncertainty and critical judgements that the management has 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.



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Notes forming part of the financial statements

4.20 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.

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.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income (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.

All other financial assets are subsequently measured at fair value.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement 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 Holding Company 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.

Impairment of financial assets

In accordance with Ind AS 109, the Holding 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.

The Holding Company follows 'simplified approach' for recognition of impairment loss allowance for trade receivables. The application of simplified approach does not require the Holding 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 Holding 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 Holding 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 Holding Company 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



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Notes forming part of the financial statements

allowance for trade receivables, the Holding Company 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.

Derecognition of financial assets

The Holding 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 Holding Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Holding Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Holding Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Holding 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.

4.21 Financial liabilities

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 financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTP.

Derecognition of financial liabilities

The Holding Company derecognises financial liabilities when, and only when, the Holding Company'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.



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Xchanging Solutions (USA) Inc.
Notes forming part of the financial statements

(All amounts in USD unless otherwise stated)

5 PROPERTY, PLANT & EQUIPMENT

(Owned unless specified)

Carrying amounts of:	USD	USD	USD	INR	INR	INR
	As at March 31, 2018	As at March 31, 2017	As at January 1, 2016	As at March 31, 2018	As at March 31, 2017	As at January 1, 2016
Leasehold Improvements	-	-	-	-	-	-
Computers	-	406	1,928	-	26,414	125,373
Vehicles	-	-	-	-	-	-
Office Equipment	-	-	-	-	-	-
Furniture and Fittings	-	-	-	-	-	-
	-	406	1,928	-	26,414	125,373

**All figures are in USD*

Particulars	Leasehold Improvements	Computers	Vehicles	Office Equipment	Furniture and Fittings	Total
Gross carrying value						
Balance as at January 1, 2016	-	6,679	-	-	-	6,679
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Balance as at March 31, 2017	-	6,679	-	-	-	6,679
Additions	-	-	-	-	-	-
Disposals	-	(6,679)	-	-	-	(6,679)
Balance as at March 31, 2018	-	-	-	-	-	-
Accumulated depreciation						
Balance as at January 1, 2016	-	4,751	-	-	-	4,751
Depreciation expense	-	1,522	-	-	-	1,522
Eliminated on disposals of assets	-	-	-	-	-	-
Balance as at March 31, 2017	-	6,273	-	-	-	6,273
Depreciation expense	-	406	-	-	-	406
Eliminated on disposals of assets	-	(6,679)	-	-	-	(6,679)
Balance as at March 31, 2018	-	-	-	-	-	-
Net carrying value as at March 31, 2018	-	-	-	-	-	-
Net carrying value as at March 31, 2017	-	406	-	-	-	406
Net carrying value as at January 1, 2016	-	1,928	-	-	-	1,928

**All figures are in INR*

Particulars	Leasehold Improvements	Computers	Vehicles	Office Equipment	Furniture and Fittings	Total
Gross carrying value						
Balance as at January 1, 2016	-	434,281	-	-	-	434,281
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Balance as at March 31, 2017	-	434,281	-	-	-	434,281
Additions	-	-	-	-	-	-
Disposals	-	(435,114)	-	-	-	(435,114)
Exchange rate movement	-	833	-	-	-	833
Balance as at March 31, 2018	-	-	-	-	-	-
Accumulated depreciation						
Balance as at January 1, 2016	-	308,908	-	-	-	308,908
Depreciation expense	-	98,960	-	-	-	98,960
Eliminated on disposals of assets	-	-	-	-	-	-
Balance as at March 31, 2017	-	407,867	-	-	-	407,867
Depreciation expense	-	26,440	-	-	-	26,440
Eliminated on disposals of assets	-	(435,114)	-	-	-	(435,114)
Exchange rate movement	-	806	-	-	-	806
Balance as at March 31, 2018	-	-	-	-	-	-
Net carrying value as at March 31, 2018	-	-	-	-	-	-
Net carrying value as at March 31, 2017	-	26,414	-	-	-	26,414
Net carrying value as at January 1, 2016	-	125,373	-	-	-	125,373



Xchanging Solutions (USA) Inc.

Notes forming part of the financial statements

Particulars	In USD		In INR	
	For the Year ended March 31, 2018	For the Year ended March 31, 2018	For the Year ended March 31, 2017	For the Year ended March 31, 2017
Current tax				
In respect of the current year/period	103,682	6,754,532	80,750	5,250,325
Deferred tax				
In respect of the current year/period	-	-	-	-
Total income tax expense recognised in the current year/period relating to continuing operations	-	-	-	-

The income tax expense for the year can be reconciled to the accounting profit as follows:

Particulars	In USD		In INR	
	For the Year ended March 31, 2018	For the Year ended March 31, 2018	For the Year ended March 31, 2017	For the Year ended March 31, 2017
profit/ (loss) before tax from continuing operations	3,245,444	211,429,590	3,252,769	211,493,444
Income tax expense calculated at 20 % on AMT Method	103,682	6,754,532	80,750	5,250,325
Effect of unused tax losses and tax offset not recognised as deferred tax assets				
Net Effect	-	-	-	-
Income tax expense recognised in profit or loss	103,682	6,754,532	80,750	5,250,325



Xchanging Solutions (USA) Inc.

Notes forming part of the financial statements

10 Share Capital	As At	As At	As At	As At
	Mar 31, 2018 USD	Mar 31, 2018 INR	Mar 31, 2017 USD	Mar 31, 2017 INR
Authorised capital: 10,073,267 (2015: 10,073,267) Equity Shares of \$ 1.00 each	10,073,267	656,238,894	10,073,267	654,958,884
Issued, subscribed and paid up capital: 9,930,062 (2015: 9,930,062) Equity Shares of \$ 1.00 each fully paid up	9,930,062	646,909,578	9,930,062	645,647,766
	9,930,062	646,909,578	9,930,062	645,647,766

(i) Reconciliation of number of shares

Equity Shares	As at Mar 31, 2018		As at Mar 31, 2017	
	Number of Shares	Amount (in USD)	Number of Shares	Amount (in USD)
Shares outstanding at the beginning of the period	9,930,062	9,930,062	9,930,062	9,930,062
Add / (Less): Movement for the period				
Shares outstanding at the end of the period	9,930,062	9,930,062	9,930,062	9,930,062

(ii) Shares held by holding company and subsidiary of holding company

Name of Shareholder	As at Mar 31, 2018		As at Mar 31, 2017	
	Number of Shares	Amount (in USD)	Number of Shares	Amount (in USD)
Xchanging Solutions Ltd, India, Holding Company	9,930,062	9,930,062	9,930,062	9,930,062

(iii) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company:

Name of Shareholder	As at Mar 31, 2018		As at Mar 31, 2017	
	Number of Shares held	Percentage	Number of Shares held	Percentage
Xchanging Solutions Ltd, India, Holding Company	9,930,062	100.00%	9,930,062	100.00%



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	As At Mar 31, 2018 USD	As At Mar 31, 2018 INR	As At Mar 31, 2017 USD	As At Mar 31, 2017 INR
6 Non-current investments				
<i>(Unquoted, Long term at cost, fully paid-up)</i>				
Subsidiary company:				
10,000 Equity shares of Rs. 10 each in NexPLICIT India Infotech Private Limited, India	27,370	1,783,062	27,370	1,779,584
	<u>27,370</u>	<u>1,783,062</u>	<u>27,370</u>	<u>1,779,584</u>
7 Trade receivables				
Outstanding for a period exceeding 6 months from the date they are due for payment				
Unsecured, considered good	1,221,302	79,563,626	2,596,755	168,839,706
Unsecured, considered doubtful:	98,690	6,429,321	62,768	4,081,115
	<u>1,319,992</u>	<u>85,992,947</u>	<u>2,659,522</u>	<u>172,920,821</u>
(Less): Provision for doubtful debts	(98,689)	(6,429,265)	(62,767)	(4,081,080)
	<u>1,221,303</u>	<u>79,563,682</u>	<u>2,596,755</u>	<u>168,839,741</u>
8 Cash and cash equivalents				
Cash in hand	-	-	-	-
Balances with Banks				
- Current accounts	7,542,739	491,383,647	5,966,045	387,909,323
	<u>7,542,739</u>	<u>491,383,647</u>	<u>5,966,045</u>	<u>387,909,323</u>
9 Other financial assets				
Current				
<i>(Unsecured considered good unless otherwise stated)</i>				
Security deposits	-	-	8,525	554,291
Prepaid Expenses	3,940	256,685	4,874	316,905
Other Loans and Advances:	450,000	29,315,961	476,868	31,005,724
Unbilled Revenue	1,761,249	114,739,347	1,581,187	102,808,004
	<u>2,215,189</u>	<u>144,311,993</u>	<u>2,071,454</u>	<u>134,684,924</u>
11 Reserves and surplus				
Capital reserve b/f	1,974,623	128,639,935	1,974,623	128,389,020
	<u>1,974,623</u>	<u>128,639,935</u>	<u>1,974,623</u>	<u>128,389,020</u>
Securities premium b/f	17,567,336	1,144,451,860	17,567,336	1,142,219,579
	<u>17,567,336</u>	<u>1,144,451,860</u>	<u>17,567,336</u>	<u>1,142,219,579</u>
Surplus/(Deficit) in Statement of Profit and Loss				
Balance as at the beginning of the period	(62,115,192)	(4,046,592,325)	(65,287,211)	(4,244,942,468)
Profit/(loss) for the period	3,141,762	204,675,057	3,172,019	206,243,122
Balance as at end of the period	<u>(58,973,430)</u>	<u>(3,841,917,268)</u>	<u>(62,115,192)</u>	<u>(4,038,699,346)</u>
	<u>(39,431,471)</u>	<u>(2,568,825,473)</u>	<u>(42,573,233)</u>	<u>(2,768,090,747)</u>
12 Other financial liabilities (Long term)				
Loans from Subsidiaries				
Holding company	37,929,096	2,470,950,910	37,929,096	2,466,131,237
	<u>37,929,096</u>	<u>2,470,950,910</u>	<u>37,929,096</u>	<u>2,466,131,237</u>
13 Trade payables				
Due to:				
Holding company	230,464	15,013,941	1,272,831	82,758,848
Fellow Subsidiaries	-	-	7,896	513,394
Other related parties	1,359,232	88,549,331	545,245	35,451,563
Others	766,283	49,920,693	3,467,198	225,435,532
	<u>2,355,979</u>	<u>153,483,965</u>	<u>5,293,170</u>	<u>344,159,337</u>
14 Current tax liabilities (net)				
Provision for taxation(net of advance tax)	222,935	14,523,424	82,935	5,392,393
	<u>222,935</u>	<u>14,523,424</u>	<u>82,935</u>	<u>5,392,393</u>



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Notes forming part of the financial statements

	For the 12 months period ended		For the 15 months period ended	
	Mar 31, 2018 USD	Mar 31, 2018 INR	Mar 31, 2017 USD	Mar 31, 2017 INR
15 Revenue from operations				
Revenue from software development and related services	14,899,780	970,669,696	23,547,714	1,531,060,826
	<u>14,899,780</u>	<u>970,669,696</u>	<u>23,547,714</u>	<u>1,531,060,826</u>
16 Other income				
Miscellaneous Income	563,831	36,731,666	371,355	24,145,320
	<u>563,831</u>	<u>36,731,666</u>	<u>371,355</u>	<u>24,145,320</u>
17 Employee benefits expense				
Salaries, allowances and bonus	5,703,069	371,535,415	8,441,009	548,830,269
Leave encashment	-	-	108,579	7,059,753
Staff welfare	754,581	49,158,382	1,879,456	122,201,308
Recruitment and relocation	-	-	-	-
	<u>6,457,650</u>	<u>420,693,797</u>	<u>10,429,044</u>	<u>678,091,330</u>
18 Other operating costs				
Project work expenses	5,484,757	357,313,137	7,901,880	513,776,366
Rent	21,830	1,422,150	22,220	1,444,734
Communication	60,665	3,952,113	16,972	1,103,511
Travel	102,159	6,655,341	597,033	38,818,793
Insurance	-	-	50,140	3,260,078
Power and Fuel	-	-	10,484	681,665
Rates and taxes	-	-	286	18,596
Repairs and maintenance	-	-	-	-
- Others	3,850	250,794	15,864	1,031,470
Legal & professional	7,756	505,264	955,849	62,148,834
Printing & stationery	-	-	1,109	72,107
Business promotion	25,000	1,628,665	35,520	2,309,493
Bank charges	9,629	627,308	34,936	2,271,522
Provision for bad & doubtful debts	35,922	2,340,177	56,991	3,705,527
Exchange loss/(gain), net	3,843	250,379	41,595	2,704,487
Miscellaneous expenses	4,700	306,207	494,855	32,175,229
	<u>5,760,111</u>	<u>375,251,535</u>	<u>10,235,734</u>	<u>665,522,412</u>
19 Depreciation and amortisation				
Depreciation on Property, Plant and Equipment	406	26,440	1,522	98,960
	<u>406</u>	<u>26,440</u>	<u>1,522</u>	<u>98,960</u>
20 Contingent Liabilities and commitment				
	As at Mar 31, 2018 USD	As at Mar 31, 2018 INR	As at 'Mar 31, 2017 USD	As at 'Mar 31, 2017 INR
Contingent liabilities	Nil	Nil	Nil	Nil
Capital commitment	Nil	Nil	Nil	Nil

21 Segment reporting

The Company's business activity is organised within a single business and geographical segment. The Company renders software development and related services to its customers in US region and is managed as one entity, governed by similar set of risks and returns. Accordingly, there are no additional disclosures to be provided under Accounting Standard 17 - 'Segment Reporting' other than those already provided in financial statements.

Secondary segmental reporting is performed on the basis of the geographical location of Customer. The Company services in US geographical segment.



Xchanging Solutions (USA) Inc.

Notes forming part of the financial statements

22 Related Party Disclosures

S No.	Name of the related party	Relationship	Nature of transaction	Transactions 2018		Transactions 2018		Transactions 2017		Transactions 2017	
				USD	INR	USD	INR	USD	INR	USD	INR
(i)	Xchanging Solutions Limited, India	Holding company	Expenses reimbursed / incurred to / for related party	(2,416,667)	(157,437,567)	4,138,435	269,079,016				
			Payments made / received	3,385,821	220,574,689	(3,193,216)	(207,521,338)				
			Trade Receivables / (Payable) at the end of the period		(230,464)		(15,013,941)		(1,199,119)		(77,966,118)
			Unsecured loan at the end of the period	(37,929,097)	(2,470,950,922)		(37,929,097)		(2,466,131,272)		
(ii)	Xchanging Solutions Europe Limited, UK	Fellow subsidiary	Expenses reimbursed / incurred to / for related party	(183)	(11,953)	64,692	4,206,242				
			Payments made / received	8,080	525,374	(64,587)	(4,199,411)				
			Trade Receivables / (Payable) at the end of the period		-		(7,896)		(513,388)		
			Unsecured loan at the end of the period		-		-		-		
(iii)	Xchanging Solutions Pte Limited, Singapore	Fellow subsidiary	Expenses reimbursed / incurred to / for related party	(63,999)	(4,169,322)	(40,423)	(2,628,298)				
			Payments made / received								
			Trade Receivables / (Payable) at the end of the period						63,999		4,161,190
			Loans and advances at the end of the period			450,000	29,315,961		450,000		29,258,780
(iv)	Xchanging UK Ltd.	Fellow subsidiary	Expenses reimbursed / incurred to / for related party	(28,865)	(1,881,767)	123,704	8,043,173				
			Payments made / received	423,082	27,562,353	(182,796)	(11,885,284)				
			Trade Receivables / (Payable) at the end of the period						(394,197)		(25,630,495)
			Loans and advances at the end of the period								
(v)	Ferguson Snell & Associates	Fellow subsidiary	Expenses reimbursed / incurred to / for related party	(31)	(2,040)	3,038	197,529				
			Payments made / received	1,687	109,889	(4,693)	(305,157)				
			Trade Receivables / (Payable) at the end of the period						(1,655)		(107,638)
			Loans and advances at the end of the period								



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Notes forming part of the financial statements

22 Related Party Disclosures

S No.	Name of the related party	Relationship	Nature of transaction	Transactions (payable)		Transactions (payable)		Transactions (payable)		Transactions (payable)	
				USD 2018	USD 2018	INR 2018	INR 2018	USD 2017	INR 2017	USD 2017	INR 2017
(vii)	Xchanging Systems Inc., USA	Fellow subsidiary	Expenses reimbursed / incurred to / for related party Payments made / received Trade Receivables / (Payable) at the end of the period	2,157 15,398 (328)	140,489 1,003,103 (21,354)	111,540 (118,507)	7,252,276 (7,705,289)				(1,162,673)
(viii)	Xchanging Technology Services India P, Fellow subsidiary	Fellow subsidiary	Expenses reimbursed / incurred to / for related party Payments made / received Trade Receivables / (Payable) at the end of the period	59,109 (617,810) (22,380)	3,850,743 (40,248,239) (1,457,985)	(1,835,753) 2,139,885	(119,519,839) 139,134,277	536,321			34,871,360
(ix)	Computer Science Corporation	Fellow subsidiary	Expenses reimbursed / incurred to / for related party Payments made / received Trade Receivables / (Payable) at the end of the period	(9,387,744) 8,101,231 (1,286,513)				(82,508,996)			
(x)	Xchanging Global Insurance Solutions	Fellow subsidiary	Expenses reimbursed / incurred to / for related party Payments made / received Trade Receivables / (Payable) at the end of the period	(6)	(413)	(11,249) (1,497)	(731,404) (97,308)	(192)			(12,497)
(xi)	Xchanging Systems & Services Inc., US, Fellow subsidiary	Fellow subsidiary	Expenses reimbursed / incurred to / for related party Payments made / received Trade Receivables / (Payable) at the end of the period	(61,584) 165,947 (1,177)	536,479 (704,896) (76,663)	34,881,602 (45,832,017)		(105,541)			(6,862,195)



Xchanging Solutions (USA) Inc.

Notes forming part of the financial statements

23 Lease disclosures

Operating lease

Office and Office Equipment are obtained under operating lease, whereby the lease is renewable on monthly basis. Expense for such operating leases recognized in the Statement of Profit and loss of the year under the head Rent expenses. The Company has not entered into any long term non cancelable lease agreements during the current year.

24 Taxes

The current tax charge reflects state tax and minimum federal tax payable (if any), by the Company in accordance with the tax laws applicable in the United States of America.

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

26 Previous year comparatives

The Financial statements of the previous year have been restated and reclassified where necessary to conform to the current year's presentation.

As per our report of even date
Sethi Agarwal & Associates
Chartered Accountants
Firm Registration No. 020918N

CA Ankur Agarwal
Partner
Membership No. 507073

Place: New Delhi

Date: MAY 23, 2018

For and on behalf of the Board of Directors of
Xchanging Solutions (USA) Inc.

HC Charles Diao
President & Treasure
05. 23. 2018

Xchanging Solutions (USA) Inc.

Notes forming part of the financial statements

3.21 Financial instruments

3.21.01 Capital Management

The Company manages its capital to ensure that the Company will be able to continue as going concern while maximising the return to stakeholder through efficient allocation of capital towards expansion of business, optimisation of working capital requirements and deployment of surplus fund into various investment options. The Company does not have debts and meets its capital requirement through equity and support from holding Company.

The Company is not subject to any external imposed capital requirements

The Company reviews the capital nature of the Company on regular basis. As part of this review, the Company considers the cost of capital and the risks associated with each class of capital.

3.21.02 Disclosure and Categories of financial instruments

This section provides additional information on balance sheet items that contain financial instruments:-

3.21.03 Categories of financial instruments

Particulars	USD	USD
	As at March 31, 2018	As at March 31, 2017
Financial assets		
<u>Measured at fair value through profit or loss (FVTPL)</u>		
(a) Mandatorily measured:		
Investment in mutual funds		
<u>Measured at amortised cost</u>		
(a) Cash and bank balances	7,542,739	5,966,045
(b) Bank balances other than above		
(c) Other financial assets at amortised cost	3,463,862	4,695,579
Financial liabilities		
<u>Measured at fair value through profit or loss (FVTPL)</u>		
Derivative financial instruments	2,355,979	5,293,170
<u>Measured at amortised cost</u>		
Other financial liability at amortised cost	38,152,031	38,012,031

3.21.04 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.

There have been no transfers between Level 1 and Level 2 during the year

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.



Xchanging Solutions (USA) Inc.

Notes forming part of the financial statements

3.22 Financials risk management objectives

The Company's management monitors and manage the financial risks relating to the operations of the Company These risks includes liquidity risk

Liquidity risk

	(Amount in USD)			
As at March 31, 2017	Less than 1 yrs	1 to 5 yrs	>5 Yrs	Total
Trade Payables	5,293,170			5,293,170
Other Financials liabilities	38,012,031			38,012,031
As at March 31, 2018	Less than 1 yrs	1 to 5 yrs	>5 Yrs	Total
Trade Payables	2,355,979			2,355,979
Other Financials liabilities	38,152,031			38,152,031

The Parent Company's financial suppon and operational cash flows will be sutrtcient to dispose the financial liabilities with in the maturity perio

