



SETHI AGARWAL & ASSOCIATES

CHARTERED ACCOUNTANTS

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Auditors' Report

To
The Board of Directors of Xchanging Solutions Europe Ltd
Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **Xchanging Solutions Europe Ltd** ("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 (Europe) Ltd.

Balance Sheet as at March 31, 2018

	Notes	As At Mar 31, 2018 GBP	As At Mar 31, 2018 INR	As At Mar 31, 2017 GBP	As At Mar 31, 2017 INR
ASSETS					
Current assets					
Financial assets					
Trade receivables	5	22,666	2,072,696	21,260	1,733,585
Cash and cash equivalents	6	433,623	39,653,237	325,430	26,536,740
Other financial assets	7	-	-	130,883	10,672,692
Total Current Assets		456,289	41,725,933	477,573	38,943,017
Total Assets		456,289	41,725,933	477,573	38,943,017
EQUITY AND LIABILITIES					
Shareholders' Funds					
Equity Sharecapital	8	2,664,278	243,638,365	2,664,278	217,254,713
Reserves and surplus	9	(2,229,913)	(203,917,323)	(2,227,970)	(181,676,633)
Total Equity		434,365	39,721,042	436,308	35,578,080
Current liabilities					
Financial liabilities					
Trade payables	10	12,500	1,143,079	38,882	3,170,611
Other financial liabilities	11	3,873	354,157	836	68,203
Other current liabilities	12	5,551	507,655	1,547	126,123
Total Current Liabilities		21,924	2,004,891	41,265	3,364,937
Total Equity and Liabilities		456,289	41,725,933	477,573	38,943,017

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 Europe Ltd.



Director

Xchanging Solutions (Europe) Ltd.

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

	Notes	For the 12 months period ended		For the 15 months period ended	
		Mar 31, 2018 GBP	Mar 31, 2018 INR	Mar 31, 2017 GBP	Mar 31, 2017 INR
Income					
Other income	13	8,361	764,590	29,149	2,376,945
		<u>8,361</u>	<u>764,590</u>	<u>29,149</u>	<u>2,376,945</u>
Expenses					
Other operating costs	14	10,304	942,270	10,044	819,052
		<u>10,304</u>	<u>942,270</u>	<u>10,044</u>	<u>819,052</u>
Profit/(loss) for the year before tax		(1,943)	(177,680)	19,105	1,557,893
Tax expense		-	-	-	-
Profit/(loss) for the year after tax		(1,943)	(177,680)	19,105	1,557,893
Earnings/(Loss) per share {Equity shares, par value of GBP1 (2018 : GBP 1)}					
Basic and diluted		(0.00)	(0.07)	0.01	0.58
Weighted average number of equity shares used in computing earning/(loss) per share					
Basic and diluted		2,664,278	2,664,278	2,664,278	2,664,278

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 Europe Ltd.


Director

Xchanging Solutions (Europe) Ltd.

Cash Flow Statement for the Period ended March 31, 2018

	For the 12 months period ended		For the 15 months period ended	
	Mar 31, 2018 GBP	Mar 31, 2018 INR	Mar 31, 2017 GBP	Mar 31, 2017 INR
A. Cash flow from operating activities				
Profit/ (loss) for the period	(1,943)	(177,680)	19,105	1,557,893
Adjustments for:				
Write back of Liabilities	8,361	764,590	29,149	2,376,945
Operating profit before working capital changes	6,418	586,910	48,254	3,934,838
Movements in working capital :				
Decrease / (Increase) in sundry debtors	(1,406)	(128,582)	215,317	17,557,734
Decrease / (Increase) in loans and advances and other current assets	130,883	11,968,794	(53,459)	(4,359,269)
Increase / (Decrease) in current liabilities and provisions	(27,703)	(2,533,381)	(57,569)	(4,694,428)
Net Cash from/ (used in) operations	108,192	9,893,741	152,543	12,438,875
Income Tax (Paid)/Refund , net	-	-	-	-
Net cash from/ (used in) Operating activities	108,192	9,893,741	152,543	12,438,875
Net increase/ (decrease) in cash and cash equivalents	108,192	9,893,741	152,543	12,438,875
Cash and cash equivalents at the beginning of the year	325,430	29,759,387	172,887	14,097,861
Cash and cash equivalents at the end of the period	433,622	39,653,128	325,430	26,536,736
Components of cash and cash equivalents:				
Balances with banks				
in current account	433,623	39,653,233	325,430	26,536,736
	433,623	39,653,233	325,430	26,536,736

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 Europe Ltd.


Director

Xchanging Solutions (Europe) Ltd.

Notes Forming Part of the Financial Statement

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

a EQUITY SHARE CAPITAL	GBP	INR
Balance at January 1, 2016	2,664,278	261,461,319
Changes in equity share capital during the period	-	-
Exchange rate movement	-	(44,206,606)
Balance at March 31, 2017	2,664,278	217,254,713
Changes in equity share capital during the year	-	-
Exchange rate movement	-	26,383,652
Balance at March 31, 2018	2,664,278	243,638,365

b OTHER EQUITY

Particulars	Reserves & Surplus		Total Equity	
	Retained earnings (GBP)	Total other equity (GBP)	Retained earnings (INR)	Total other equity (INR)
Balance as of January 1, 2016	(2,247,075)	(2,247,075)	(220,518,765)	(220,518,765)
Profit/(Loss) for the period	19,105	19,105	1,557,894	1,557,894
Exchange rate movement	-	-	37,284,238	37,284,238
Balance as of March 31, 2017	(2,227,970)	(2,227,970)	(181,676,633)	(181,676,633)

Particulars	Reserves & Surplus		Total Equity	
	Retained earnings (GBP)	Total other equity (GBP)	Retained earnings (INR)	Total other equity (INR)
Balance as of April 1, 2017	(2,227,970)	(2,227,970)	(181,676,633)	(181,676,633)
Profit/(Loss) for the period	(1,943)	(1,943)	(177,680)	(177,680)
Exchange rate movement	-	-	(22,063,011)	(22,063,011)
Balance as of March 31, 2018	(2,229,913)	(2,229,913)	(203,917,324)	(203,917,324)

As per our report of even date

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



Place: New Delhi

Date: MAY 23, 2018

For and on behalf of the Board of Directors of
Xchanging Solutions Europe Ltd

Director

Xchanging Solutions (Europe) Ltd.

Notes forming part of the financial statements

1. Background

Xchanging Solutions Europe Limited ('XSEL' or 'the Company') was incorporated on March 5, 2002, incorporated and domiciled in The United Kingdom. The Company is engaged in the business of rendering software development and related services. The Company is a 100% Subsidiary of Xchanging Solutions Limited.

2. Funding of Future Operations

The Company during period ended March 31, 2018 incurred a loss of GBP 1,943 – (INR 177,694) and has a positive net worth of GBP 434,365– (INR 39,721,028) as on that date.

3. Basis of preparation

- a) 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.
- 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 GBP 1= INR 91.45 for March 31, 2018 and at the exchange rate of GBP 1=INR 81.54 for March 31, 2017. The convenience translation should not be construed as a representation that the GBP 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 GBP 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 GBP 1= INR 91.45 for March 31, 2018 and at the exchange rate of GBP 1=INR 81.54 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 other directly attributable costs of bringing the assets to their working condition for 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.

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:



Xchanging Solutions (Europe) Ltd.

Notes forming part of the financial statements

	Years
Computers	3
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 comprise of Goodwill arising on acquisition, computer software held for use in business and customer rights.

- i. Goodwill arising on acquisition is the difference between the cost of an acquired business and the aggregate of the fair value of that entity's identifiable assets and liabilities and the same is amortized on a straight line basis over its economic life.
- ii. Computer software is amortized over an estimated useful life of two years.

The carrying value of intangible assets is reviewed for impairment annually when events or changes in circumstances indicate that the carrying value may not be recoverable. If the expected future discounted cash flows are less than the carrying amount of the asset, a loss is recognized for the difference between the fair value and carrying value of the asset.

4.4 Leases

Finance lease

Assets acquired under lease where the Holding 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.

4.5 Investments

Long-term investments (excluding investment properties), are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and 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.



Xchanging Solutions (Europe) Ltd.

Notes forming part of the financial statements

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 from software development services includes revenue from time and material and fixed price contracts. Revenue from time and material contracts are recognized as related services are performed.

Revenue from software development on fixed price contracts is recognized as per proportionate-completion method.

Revenue from maintenance contracts is recognized ratably over the term of the maintenance contract on a straight-line basis.

Revenue is recognised net of value added tax.

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 gain/losses, if any, are recognised in the Statement of Profit and Loss and gains.

4.9 Employee benefits

Retirement benefits to employees comprise contribution to National Security and leave encashment

The Company contributes the employer's share of the National Security and charges all such amounts to the Profit and loss account on an accrual basis.

Liability towards leave encashment benefits is provided based on an actual valuation performed as at the balance sheet date and is unfunded as at March 31, 2018.



Xchanging Solutions (Europe) Ltd.

Notes forming part of the financial statements

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.

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 Earning 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.

4.12 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



Xchanging Solutions (Europe) Ltd.

Notes forming part of the financial statements

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

4.13 Segment reporting

Identification of segments:

The Company's operating businesses are organized 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.

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.

Unallocated items:

The other segment includes general corporate income and expense items which are not allocated to any business segment.

4.14 Project work expenses

Project work expenses and claims 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.

4.18 Other Income

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

4.19 Operating Cycle

All assets and liabilities have been classified as current or non-current as per the Company 's normal operating cycle and other criteria set out in accordance with IND-AS's notified under the Companies (Indian Accounting Standard) Rules, 2015. Based on the nature of services and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets and liabilities.



Xchanging Solutions (Europe) Ltd.

Notes forming part of the financial statements

4.20 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 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.

4.21 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).



Xchanging Solutions (Europe) Ltd.

Notes forming part of the financial statements

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 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.

4.22 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.



Xchanging Solutions (Europe) Ltd.

Notes forming part of the financial statements

4.23 . Income tax recognised in Statement of profit and loss

Particulars	In GBP	In INR	In GBP	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	-	-	-	-
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	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	(1,943)	(177,680)	19,105	1,557,893
Income tax expense calculated at 19 %	-	-	3,630	296,000
Effect of unused tax losses and tax offset not recognised as deferred tax assets	-	-	(3,630)	(296,000)
Net Effect	-	-	-	-
Income tax expense recognised in profit or loss	-	-	-	-



Xchanging Solutions (Europe) Ltd.

Notes forming part of the financial statements

8 Share Capital	As At	As At	As At	As At
	Mar 31, 2018 GBP	Mar 31, 2018 INR	Mar 31, 2017 GBP	Mar 31, 2017 INR
Authorised capital: 5,000,000 (Previous Year 5,000,000) Equity Shares of GBP 1 Each	5,000,000	457,231,500	5,000,000	441,704,000
Issued, subscribed and paid up capital: 2,664,278 (Previous Year 2,664,278) Equity Shares of GBP 1 Each fully paid up	2,664,278	243,638,365	2,664,278	217,254,713
	2,664,278	243,638,365	2,664,278	217,254,713

(i) Reconciliation of number of shares

	As at Mar 31, 2018		As at Mar 31, 2017	
	Number of Shares	Amount in GBP	Number of Shares	Amount in GBP
Equity Shares				
Shares outstanding at the beginning of the period	2,664,278	243,638,365	2,664,278	217,254,713
Add / (Less): Movement for the period				
Shares outstanding at the end of the period	2,664,278	243,638,365	2,664,278	217,254,713

(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	Number of Shares	Amount
Xchanging Solutions Ltd, India, Holding Company	2,664,278	2,664,278	2,664,278	2,664,278

(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	2,664,278	100.00%	2,664,278	100.00%



Xchanging Solutions (Europe) Ltd.

Notes forming part of the financial statements

	As At Mar 31, 2018 GBP	As At Mar 31, 2018 INR	As At Mar 31, 2017 GBP	As At Mar 31, 2017 INR
5 Trade receivables				
Outstanding for a period exceeding 6 months from the date they are due for payment Unsecured, considered good	22,666	2,072,695	21,260	1,733,585
	<u>22,666</u>	<u>2,072,695</u>	<u>21,260</u>	<u>1,733,585</u>
6 Cash and cash equivalents				
Balances with Banks - Current accounts	433,623	39,653,237	325,430	26,536,740
	<u>433,623</u>	<u>39,653,237</u>	<u>325,430</u>	<u>26,536,740</u>
7 Other financial assets				
<i>(Unsecured considered good, unless otherwise stated)</i>				
Fellow subsidiary	-	-	124,972	10,190,688
Balances with Government. Authorities	-	-	5,911	482,004
	<u>-</u>	<u>-</u>	<u>130,883</u>	<u>10,672,692</u>
9 Reserves and surplus				
Surplus/(Deficit) in Statement of Profit and Loss				
Balance as at the beginning of the period	(2,227,970)	(203,739,644)	(2,247,075)	(183,234,527)
Profit/(loss) for the period	(1,943)	(177,679)	19,105	1,557,894
	<u>(2,229,913)</u>	<u>(203,917,323)</u>	<u>(2,227,970)</u>	<u>(181,676,633)</u>
10 Trade payables				
Due to:				
Holding company	-	-	1,120	91,296
Other related parties	-	-	11,049	900,995
Others	12,500	1,143,079	26,714	2,178,320
	<u>12,500</u>	<u>1,143,079</u>	<u>38,882</u>	<u>3,170,611</u>
11 Other financial liabilities				
Other short-term liabilities	3,873	354,157	836	68,203
	<u>3,873</u>	<u>354,157</u>	<u>836</u>	<u>68,203</u>
12 Other current liabilities				
Provision for leave encashment	-	-	1,547	126,123
Dues with Government Authorities	5,551	507,655	-	-
	<u>5,551</u>	<u>507,655</u>	<u>1,547</u>	<u>126,123</u>



Xchanging Solutions (Europe) Ltd.

Notes forming part of the financial statements

	For the 12 months period ended		For the 15 months period ended	
	Mar 31, 2018 GBP	Mar 31, 2018 INR	Mar 31, 2017 GBP	Mar 31, 2017 INR
13 Other income				
Miscellaneous Income	8,361	764,590	29,149	2,376,945
	8,361	764,590	29,149	2,376,945
14 Other operating costs				
Insurance	-	-	1,149	93,694
Repairs and maintenance	-	-	35	2,854
Legal and professional	5,000	457,232	7,500	611,577
Bank charges	1,988	181,840	1,360	110,927
Exchange loss/(gain), net	132	12,049	-	-
Miscellaneous expenses	3,184	291,149	-	-
	10,304	942,270	10,044	819,052

15 Contingent Liabilities and commitment

	As at Mar 31, 2018	As at Mar 31, 2018	As at Mar 31, 2017	As at Mar 31, 2017
	GBP	INR	GBP	INR
Contingent liabilities	Nil	Nil	Nil	Nil
Capital commitment	Nil	Nil	Nil	Nil

16 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 UK 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 UK geographical segment.



Xchanging Solutions (Europe) Ltd.

Notes forming part of the financial statements

17 Related Party Disclosures

S No.	Name of the related party	Relationship	Nature of transaction	2018			2017			Current Period		
				Transactions (GBP) for the year	Receivable / (payable) (GBP) As at Mar 31,	Transactions (INR) for the year	Receivable / (payable) (INR) As at Mar 31,	Transactions (GBP) for the period of 15 months	Receivable / (payable) (GBP) As at Mar 31,	Transactions (INR) for the period of 15 months	Receivable / (payable) (INR) As at Mar 31,	
(i)	Xchanging Solutions Limited, India	Holding company	Expenses reimbursed / incurred to / for related party Payments made / received Trade Receivables / (Payable) at the end of the period	15,059 (29,201)	-	1,376,968 (2,670,317)	-	(167,518) 135,675	14,143	(13,660,017) 11,079,765	-	1,153,293
(ii)	Xchanging Solutions (USA) Inc	Fellow subsidiary company	Expenses reimbursed / incurred to / for related party Payments made / received Trade Receivables / (Payable) at the end of the period	299 (6,285)	-	27,354 (575,734)	-	(74,401)	5,997	(6,066,919)	-	488,996
(iii)	Xchanging Global Insurance Solutions	Fellow subsidiary company	Expenses reimbursed / incurred to / for related party Payments made / received Trade Receivables / (Payable) at the end of the period	(980) (8,660)	-	(69,681) (791,880)	-	(58,455)	9,640	(4,766,602)	-	786,079
(iv)	Ferguson Sheel & Associates	Fellow subsidiary company	Expenses reimbursed / incurred to / for related party Payments made / received Trade Receivables / (Payable) at the end of the period	-	-	-	-	(33,155)	-	(2,703,577)	-	-
(v)	LPSC Limited	Fellow subsidiary company	Expenses reimbursed / incurred to / for related party Payments made / received Trade Receivables / (Payable) at the end of the period	(19,680)	-	(1,799,663)	-	-	19,680	-	-	1,604,777
(vi)	Spikes Cavell Analytics Limited	Fellow subsidiary company	Expenses reimbursed / incurred to / for related party Payments made / received Trade Receivables / (Payable) at the end of the period	(71)	-	-	-	-	71	-	-	5,790
(vii)	Xchanging Technology Services Ltd	Fellow subsidiary company	Expenses reimbursed / incurred to / for related party Payments made / received Trade Receivables / (Payable) at the end of the period	146,526 (165,954)	22,666	13,396,255 (15,175,845)	2,072,695	(47,807) 73,465	42,093	(3,666,366) 5,990,572	-	3,432,406



Xchanging Solutions (Europe) Ltd.

Notes forming part of the financial statements

17 Related Party Disclosures

S No.	Name of the related party	Relationship	Nature of transaction	2018		2017		Current Period	
				Transactions (GBP) for the year	Receivable / (payable) (GBP) As at Mar 31,	Transactions (INR) for the year	Receivable / (payable) (GBP) As at Mar 31,	Transactions (INR) For the period of 15 months	Receivable / (payable) (INR) As at Mar 31,
(viii)	Xchanging UK Ltd.	Fellow subsidiary company	Expenses reimbursed / incurred to / for related party Payments made / received Trade Receivables / (Payable) at the end of the period	(17,620) 22,325	-	(1,611,247) 2,041,578	-	(449,941)	(383,730)
(xi)	Xchanging International	Fellow subsidiary company	Expenses reimbursed / incurred to / for related party Payments made / received Trade Receivables / (Payable) at the end of the period	(47,145)	-	(4,311,238)	-	47,145	3,844,371
(x)	Computer Science Corporation	Fellow subsidiary company	Expenses reimbursed / incurred to / for related party Payments made / received Trade Receivables / (Payable) at the end of the period	(142,786) 142,786	-	(13,057,468) 13,057,468	-	-	-



Xchanging Solutions (Europe) Ltd.

Notes forming part of the financial statements

18 Leases

Operating Lease commitments

The Company has no operating lease arrangement.

19 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.

20 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

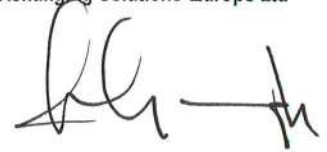
Sethi Agarwal & Associates
Chartered Accountants
Firm Registration No. 020918N

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 Europe Ltd



Director

Xchanging Solutions (Europe) Ltd.

Notes forming part of the financial statements

3.21 Financial instruments

3.21.01 Disclosure and Categories of financial instruments

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

3.21.02 Categories of financial instruments

Particulars	GBP	GBP
	As at March 31, 2018	As at March 31, 2017
Financial assets		
<u>Measured at amortised cost</u>		
(a) Cash and bank balances	433,623	325,430
(b) Other financial assets at amortised cost	22,666	152,143
Financial liabilities		
<u>Measured at fair value through profit or loss (FVTPL)</u>		
Derivative financial instruments	12,500	38,882
<u>Measured at amortised cost</u>		
Other financial liability at amortised cost	9,424	2,383

3.21.03 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 (Europe) Ltd.

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 GBP)				
As at March 31, 2017	Less than 1 yrs	1 to 5 yrs	>5 Yrs	Total
Trade Payables	38,882			38,882
Other Financials liabilities	2,383			2,383
As at March 31, 2018	Less than 1 yrs	1 to 5 yrs	>5 Yrs	Total
Trade Payables	12,500			12,500
Other Financials liabilities	9,424			9,424

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

