



SETHI AGARWAL & ASSOCIATES

CHARTERED ACCOUNTANTS

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Auditors' Report

To

The Board of Directors of Xchanging Solutions Malaysia Sdn Bhd
Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **Xchanging Solutions Malaysia Sdn Bhd** ("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 (Malaysia) Sdn Bhd

Balance Sheet as at March 31, 2018

	Notes	As at March 31, 2018		As at March 31, 2017	
		MYR	INR	MYR	INR
ASSETS					
Current Assets					
Financial assets					
Cash and cash equivalents	5	290,280	4,897,890	291,552	4,299,535
		<u>290,280</u>	<u>4,897,890</u>	<u>291,552</u>	<u>4,299,535</u>
Total Assets		<u>290,280</u>	<u>4,897,890</u>	<u>291,552</u>	<u>4,299,535</u>
EQUITIES AND LIABILITIES					
Shareholders' Funds					
Share capital	6	250,000	4,218,250	250,000	3,686,768
Reserves and surplus	7	25,280	426,545	26,552	391,561
Total Equity		<u>275,280</u>	<u>4,644,795</u>	<u>276,552</u>	<u>4,078,329</u>
Current liabilities					
Financial liabilities					
Trade Payables	8	15,000	253,095	15,000	221,206
Total Current Liabilities		<u>15,000</u>	<u>253,095</u>	<u>15,000</u>	<u>221,206</u>
Total Equity and Liabilities		<u>290,280</u>	<u>4,897,890</u>	<u>291,552</u>	<u>4,299,535</u>

See accompanying notes forming part of the financial statements

As per our report of even date

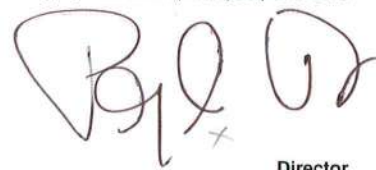
Sethi Agarwal & Associates
Chartered Accountants
Firm Registration No. 020918N

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 (Malaysia) Sdn Bhd



Director

Xchanging Solutions (Malaysia) Sdn Bhd

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

	Notes	For the 12 Month Period Ended March 31, 2018		For the 15 Month Period Ended March 31, 2017	
		MYR	INR	MYR	INR
INCOME					
Other income	9	-	-	44,679	658,888
		<u>-</u>	<u>-</u>	<u>44,679</u>	<u>658,888</u>
EXPENDITURE					
Other operating costs	10	1,272	21,462	16,590	244,654
		<u>1,272</u>	<u>21,462</u>	<u>16,590</u>	<u>244,654</u>
Profit /(Loss) for the year before tax		(1,272)	(21,462)	28,089	414,234
Provision for tax		-	-	-	-
Profit /(Loss) for the year		<u>(1,272)</u>	<u>(21,462)</u>	<u>28,089</u>	<u>414,234</u>
Earnings per share [Ordinary shares, par value MYR 1 each]					
Basic and Diluted		(0.01)	(0.09)	0.11	1.66
Weighted average number of ordinary shares used in computing					
Earnings per share					
Basic and Diluted		250,000	250,000	250,000	250,000

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 (Malaysia) Sdn Bhd


Director

Xchanging Solutions (Malaysia) Sdn Bhd

Cash Flow Statement for the 12 Month Period ended March 31, 2018

	For the 12 Month Period Ended March 31, 2018		For the 15 Month Period Ended March 31, 2017	
	MYR	INR	MYR	INR
A. Cash flow from operating activities				
Net profit / (Loss) before taxation	(1,272)	(21,462)	28,089	414,234
Adjustments for:				
Write back of Liabilities	-	-	(44,679)	658,888
Operating profit / (Loss) before working capital changes	<u>(1,272)</u>	<u>(21,462)</u>	<u>(16,590)</u>	<u>1,073,122</u>
Movements in working capital :				
Decrease / (Increase) in sundry debtors	-	-	286,352	4,222,854
Decrease / (Increase) loans and advances	-	-	-	-
Increase / (Decrease) in current liabilities & provisions	-	-	(10,693)	(157,689)
Net cash (used) Surplus in operating activities (A)	<u>(1,272)</u>	<u>(21,462)</u>	<u>259,069</u>	<u>5,138,287</u>
Direct taxes paid (net of refunds)				
Net cash used in operating activities (A)	<u>(1,272)</u>	<u>(21,462)</u>	<u>259,069</u>	<u>5,138,287</u>
Cash and cash equivalents at the beginning of the year	291,552	4,919,352	32,483	479,026
Cash and cash equivalents at the end of the year	<u>290,280</u>	<u>4,897,890</u>	<u>291,552</u>	<u>5,617,313</u>
Components of cash and cash equivalents				
Cash	-	-	-	-
With banks				
in current account.	290,280	4,897,890	291,552	4,299,537
	<u>290,280</u>	<u>4,897,890</u>	<u>291,552</u>	<u>4,299,537</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 (Malaysia) Sdn Bhd


Director

Xchanging Solutions (Malaysia) Sdn Bhd
Notes Forming Part of the Financial Statement

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a EQUITY SHARE CAPITAL	MYR	INR
Balance at January 1, 2016	250,000	3,854,186
Changes in equity share capital during the period	-	-
Exchange rate movement	-	(167,417)
Balance at March 31, 2017	250,000	3,686,768
Changes in equity share capital during the year	-	-
Exchange rate movement	-	531,482
Balance at March 31, 2018	250,000	4,218,250

b OTHER EQUITY

Particulars	Reserves & Surplus		Total other equity	
	Retained earnings (MYR)	Total other equity (MYR)	Retained earnings (INR)	Total other equity (INR)
Balance as of January 1, 2016	(1,537)	(1,537)	(23,703)	(23,703)
Profit/(loss) for the period	28,089	28,089	414,234	414,234
Recognition of share-based payments	-	-	-	-
Exchange rate movement	-	-	1,030	1,030
Balance as of March 31, 2017	26,552	26,552	391,561	391,561

Particulars	Reserves & Surplus			Total other equity
	Retained earnings (MYR)	Total other equity (MYR)	Retained earnings (INR)	
Balance as of April 1, 2017	26,552	26,552	391,561	391,561
Profit/(loss) for the year	(1,272)	(1,272)	(21,462)	(21,462)
Exchange rate movement	-	-	56,447	56,447
Balance as of March 31, 2018	25,280	25,280	426,545	426,545

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 (Malaysia) Sdn Bhd


Director

Xchanging Solutions (Malaysia) Sdn Bhd

Notes to the Financial Statements

1. Background

Xchanging Solutions (Malaysia) Sdn Bhd, ('Xchanging Malaysia' or 'the Company') is a private limited Liability company, incorporated and domiciled in Malaysia. The Company is engaged in the business of Information Technology ("IT").

The Company is a subsidiary of Xchanging Solutions (Singapore) Pte Ltd., a company incorporated in Singapore. The ultimate holding company is Xchanging Solutions Limited. a company incorporated in India.

2. 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) The functional currency of the Company is Malaysian Ringgit ('MYR') also known as "RM" and the reporting currency of the financial statements is Indian Rupee ('INR').
- (c) For the convenience of readers, the balance sheet as at March 31, 2018 and the Profit and Loss account and the cash flows for the year then ended have been translated into INR at the exchange rate 1 MYR=16.87300 and the balance sheet as at March 31, 2017 and the Profit and Loss account and the cash flows for the year then ended have been translated into INR at the exchange rate 1 RM=14.74707. The convenient translation should not be construed as a representation that the MYR 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 MYR, as the case may be, at this or any other rate of exchange, or at all. Wherever movement schedule is provided in the financial statement, the opening balance are converted at MYR 1= INR 16.87300 for March 31, 2018 and at the exchange rate of MYR 1=INR 14.74707 for March 31, 2017.

3. Summary of Significant Accounting Policies

3.1 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.

3.2 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.



Xchanging Solutions (Malaysia) Sdn Bhd

Notes to the Financial Statements

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, Leasehold improvements are amortised over the period of lease or five years, whichever is lower. Assets acquired on finance lease are depreciated at the lower of lease term and estimated useful life as stated above.

3.3 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.
- (iii) 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.

3.4 Borrowing costs

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalised as part of the cost of that asset till such time the asset is ready for its intended use. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use.

3.5 Lease accounting

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.



Xchanging Solutions (Malaysia) Sdn Bhd

Notes to the Financial Statements

3.6 Investments

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.

3.7 Inventories

Inventories comprise licenses purchased by the Company for resale to a customer and are stated at the lower of cost and net realisable value. Cost of licenses is determined using the first-in-first-out method.

3.8 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.

3.9 Revenue recognition

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

- (i) Revenue from software services includes revenue from time and material and fixed price contracts. Revenue from time and material contracts are recognised as related services are performed. 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
- (ii) Revenue from maintenance contracts are recognised rateably over the term of the maintenance contract on a straight-line basis.
- (iii) Revenue from Information Technology enabled Services (ITeS) is recognised as services are rendered, on the basis of an agreed amount in accordance with the agreement entered into by the Company.
- (iv) Revenue from sale of user licenses for software application is recognised on transfer of the title in the user license.
- (v) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
- (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.



Xchanging Solutions (Malaysia) Sdn Bhd

Notes to the Financial Statements

- (vii) Deferred and unearned revenues represent the estimated unearned portion of fees derived from certain fixed-rate claim service agreements. Deferred revenues are recognised based on the estimated rate at which the services are provided. These rates are primarily based on a historical evaluation of actual claim closing rates. Unearned revenues for fixed fee contracts are recognised on a pro-rata basis over the terms 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.

3.10 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.

3.11 Employee benefits

(a) Short term employee benefits:

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits, which include benefits like salaries, short term compensated absences, performance incentives, etc. and are recognised as expense in the period in which the employee renders the related service.

(b) Defined-contribution plans:

The Company has defined contribution plans (where Company pays pre-defined amounts and does not have any legal or informal obligation to pay additional sums) for post employment benefits, and the Company's contributions thereto are charged to Profit and Loss Account every year. The Company's contributions to State plans are also charged to Profit and Loss Account as expense during the period in which the employees perform the service.

(c) Defined-benefit plan:

The Company has a defined benefit plan (viz., Gratuity in India) for employees, the liability for which is determined on the basis of valuation carried out by an independent actuary (under projected unit credit method) at the balance sheet date.



Xchanging Solutions (Malaysia) Sdn Bhd

Notes to the Financial Statements

(d) Other long term employee benefits:

Compensated absences that are not expected to occur within twelve months after the end of the period in which the employee renders related services are recognised as a liability at the present value of the defined benefit obligation based on actuarial valuation (under projected unit credit method) carried out at the balance sheet date.

(e) Actuarial gains and losses:

Actuarial gains and losses comprise experience adjustments and the effect of changes in the actuarial assumptions, and are recognised immediately in the Profit and Loss Account as income or expense.

(f) Deferred employee stock compensation costs

Stock options granted to the employees under employee stock option plans (ESOP's) are recognised in accordance with the accounting treatment prescribed by "Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999". Accordingly, the excess of market value of the stock options, as on the date of grant, over the exercise price of the options, is recognised as deferred employee stock compensation expenses, and is charged to profit and loss account on 'graded vesting' basis over the vesting period of the options. The fair value of the options is measured on the basis of an independent valuation performed or the market price in respect of stock options granted.

3.12 Taxes on Income

Tax expense comprises current, deferred and fringe benefit taxes. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with local tax laws applicable in the respective countries. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities across various countries of operation are not set-off against each other as the Company does not have a legal right to do so. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date, the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Minimum Alternative Tax ('MAT') credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in the Guidance Note on Accounting in respect of Minimum Alternative Tax issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and disclosed as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.



Xchanging Solutions (Malaysia) Sdn Bhd

Notes to the Financial Statements

3.13 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.

3.14 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.

3.15 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.

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

3.16 Exceptional items

Exceptional items are generally non-recurring items of income and expense within profit or loss from ordinary activities, which are of such size, nature or incidence that their disclosure is relevant to explain the performance of the Company for the year.



Xchanging Solutions (Malaysia) Sdn Bhd

Notes to the Financial Statements

3.17 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.

3.18 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.

3.19 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.

3.20 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



Xchanging Solutions (Malaysia) Sdn Bhd

Notes to the Financial Statements

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 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.

3.21 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 FVTPL.

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 (Malaysia) Sdn Bhd

Notes forming part of the financial statements

4.22. Income tax recognised in Statement of profit and loss

Particulars	In MYR		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	(1,272)	(21,462)	28,089	414,234
Income tax expense calculated at 24 %	-	-	6,741	99,416
Effect of unused tax losses and tax offset not recognised as deferred tax assets	-	-	(6,741)	(99,416)
Net Effect	-	-	-	-
Income tax expense recognised in profit or loss	-	-	-	-



Xchanging Solutions (Malaysia) Sdn Bhd

Notes to the Financial Statements

6 Share Capital	As at March 31, 2018		As at March 31, 2017	
	MYR	INR	MYR	INR
Authorised capital: 500,000 (2015: 5,00,000) ordinary shares of MYR 1 each	500,000	8,436,500	500,000	7,373,537

Issued, subscribed and paid up capital: 250,000 (2015: 250,000) ordinary shares of MYR 1 each fully paid up	250,000	4,218,250	250,000	3,686,769
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a) Reconciliation of number of shares

Equity Shares	As at March 31, 2018		As at March 31, 2017	
	Number of Shares	Amount	Number of Shares	Amount
Shares outstanding at the beginning of the period	250,000	4,218,250	250,000	3,686,769
Add / (Less): Movement during the year				
Shares outstanding at the end of the period	250,000	4,218,250	250,000	3,686,769

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

Name of Shareholder	As at March 31, 2018		As at March 31, 2017	
	Number of Shares held	Percentage	Number of Shares held	Percentage
Xchanging Solutions (Singapore) Pte Ltd	250,000	100	250,000	100



Xchanging Solutions (Malaysia) Sdn Bhd

Notes to the Financial Statements

	For the year ended March 31, 2018		For the year ended March 31, 2017	
	MYR	INR	MYR	INR
5 Cash and cash equivalents				
Balances with Banks				
- In Current Accounts	290,280	4,897,890	291,552	4,299,535
	<u>290,280</u>	<u>4,897,890</u>	<u>291,552</u>	<u>4,299,535</u>
7 Reserves and surplus				
Surplus in Statement of Profit and Loss				
Balance as at the beginning of the year	26,552	448,008	(1,537)	(22,674)
Profit/ (Loss) for the year	(1,272)	(21,462)	28,089	414,234
Balance as at end of the year	<u>25,280</u>	<u>426,545</u>	<u>26,552</u>	<u>391,561</u>
	<u>25,280</u>	<u>426,545</u>	<u>26,552</u>	<u>391,561</u>
8 Trade payables				
Other trade payables	15,000	253,095	15,000	221,206
	<u>15,000</u>	<u>253,095</u>	<u>15,000</u>	<u>221,206</u>



Xchanging Solutions (Malaysia) Sdn Bhd
Notes to the Financial Statements

	For the 12 Month Period Ended March 31, 2018		For the 15 Month Period Ended March 31, 2017	
	MYR	INR	MYR	INR
9 Other income				
Write Back of Liability	-	-	44,679	658,888
	<u>-</u>	<u>-</u>	<u>44,679</u>	<u>658,888</u>
10 Other Operating Cost				
Legal & Professional	-	-	15,000	221,206
Bank charges	1,272	21,462	1,590	23,448
	<u>1,272</u>	<u>21,462</u>	<u>16,590</u>	<u>244,654</u>
11 Contingent Liabilities and commitment				
	As at Mar 31, 2018	As at Mar 31, 2018	As at Mar 31, 2017	As at Mar 31, 2017
Contingent liabilities	MYR	INR	MYR	INR
Capital commitment	Nil	Nil	Nil	Nil
	Nil	Nil	Nil	Nil

12 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 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 segment reporting is performed on the basis of the geographical location of customers. The management views the USA, Europe (comprising France and UK), Australia and Rest of the World as distinct geographical segments.

13 Commitments and Contingencies

(a) Operating Lease commitments

The Company does not have any operating lease arrangement.

(b) Finance Lease

The Company does not have any finance lease commitments.

- 14 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.

15 Prior year comparatives

Previous period's figures have been regrouped/ reclassified wherever necessary to conform to the current year's presentation.

As per our report of even date

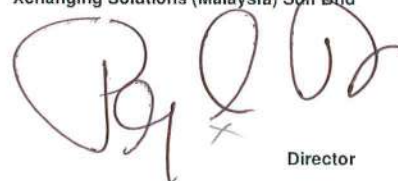
Sethi Agarwal & Associates
Chartered Accountants
Firm Registration No. 020918N



Place: New Delhi

Date: **MAY 23, 2018**

For and on behalf of the Board of Directors of
Xchanging Solutions (Malaysia) Sdn Bhd



Director

Xchanging Solutions (Malaysia) Sdn Bhd

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	MYR	MYR
	As at March 31, 2018	As at March 31, 2017
Financial assets		
<u>Measured at amortised cost</u>		
(a) Cash and bank balances	290,280	291,552
Financial liabilities		
<u>Measured at fair value through profit or loss (FVTPL)</u>		
Derivative financial instruments	15,000	15,000
<u>Measured at amortised cost</u>		
Other financial liability at amortised cost	-	-

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 (Malaysia) Sdn Bhd

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 MYR)			
As at March 31, 2017	Less than 1 yrs	1 to 5 yrs	>5 Yrs	Total
Trade Payables	15,000			15,000
Other Financials liabilities	-			-
<hr/>				
As at March 31, 2018	Less than 1 yrs	1 to 5 yrs	>5 Yrs	Total
Trade Payables	15,000			15,000
Other Financials liabilities	-			-

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

