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Xchanging
inspiring innovation

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XSL/SE/2015

Feb 27, 2015

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

Department of Corporate Services - CRD
Bombay Stock Exchange Limited,
Floor 25, Phiroze Jeejeebhoy Towers, Dalal Street
MUMBAI - 400 001
Fax No. 022 – 22723121
Scrip Code: 532616

Dear Sir,

Sub: Outcome of the Board Meeting

With reference to the subject mentioned above, we hereby write to inform you that the Board of Directors of the Company in its meeting held today, February 27, 2015, inter alia, has considered and approved the following:

1. Audited financial results of the Company for the year ended December 31, 2014.

   We are enclosing herewith copy of the audited financial results of the Company for the year ended December 31, 2014 as per the format prescribed under Clause 41 of the Listing Agreement.

2. Reduction of share capital by return of Rs. 5/- per share to the shareholders of the Company thereby reducing the nominal value of the shares from Rs.10/- to Rs.5/- per share, subject to the approval of the regulatory authorities, shareholders and the High Court of Karnataka. The resolution is passed in supersession of the earlier resolution passed by the Board of Directors in its meeting held on November 07, 2014 in which the Board has resolved to reduction of share capital by return of Rs. 4.50/- per share to the shareholders of the Company.

3. **Information pursuant to Clause 30 of the Listing Agreement:**

   (a) Appointed Ms. Gopika Pant as Director on the Board of Directors in the category of Independent Director w.e.f. March 02, 2015.

The composition of the Board of Directors of the Company, subsequent to the appointment of Ms. Gopika Pant will be as follows:

1. Mr. David Bauernfeind – Chairman
2. Mr. Alok Kumar Sinha – Whole Time Director & Chief Executive Officer
3. Mr. Ashok Kumar Ramanathan – Independent Director
4. Mr. Henry D Souza – Independent Director
5. Ms. Gopika Pant – Independent Director

It may be noted that the current composition of the Board of Directors is in accordance with the Clause 49 of the Listing Agreement. This is for your information and records.

(b) The Board of Directors has appointed Ms. Divya Pant as Company Secretary and Compliance Officer of the Company with effect from February 27, 2015.

Thanking you,

Yours faithfully,
for Xchanging Solutions Limited

Vinod Goel
Chief Financial Officer

Xchanging Solutions Limited
Xchanging Tower, SJR I Park, Opp. Satya Sai Hospital, 13,14,15, EPIP Park, Whitefield, Bangalore-560066

PART I (Rs in lakhs)

Statement of Standalone Audited Results for the Year Ended 31/12/2014

Sl. No.	Particulars	Quarter ended 31/12/2014	Preceding quarter ended 30/09/2014	Corresponding quarter ended 31/12/2013 in the previous year	Year ended 31/12/2014	Year ended 31/12/2013
	(Refer Notes Below)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	(Audited)
1.	**Income from operations**					
	Net sales/ Income from operations	3,563	3,853	3,047	14,958	11,211
	Total Income from operations (net)	3,563	3,853	3,047	14,958	11,211
2.	**Expenses**					
	a) Employee benefits expenses	1,776	1,869	1,637	7,365	6,034
	b) Project work expenses	506	700	233	2,422	942
	c) Exchange loss / (gain)	7	91	(10)	143	(777)
	d) Depreciation and amortisation expense	146	100	123	450	434
	e) Other expenses	1,571	907	919	4,076	2,906
	Total Expenses	4,006	3,667	2,902	14,456	9,539
3.	**Profit from operations before other income, finance costs and exceptional items (1-2)**	(443)	186	145	502	1,672
4.	Other income	781	291	581	1,414	1,078
5.	**Profit from ordinary activities before finance costs and exceptional items (3+4)**	338	477	726	1,916	2,750
6.	Finance costs	5	5	5	20	17
7.	**Profit from ordinary activities after finance costs but before exceptional items (5-6)**	333	472	721	1,896	2,733
8.	Exceptional items (Gain) / Loss	688	(173)	(165)	515	(165)
9.	**Profit (+) / Loss (-) from ordinary activities before tax (7-8)**	(355)	645	886	1,381	2,898
10.	Tax expense	5	92	(335)	659	744
11.	**Net Profit (+) / Loss (-) for the period (9-10)**	(360)	553	1,221	722	2,154
12.	Paid up equity share capital (Face value per share Rs 10/-)	11,140	11,140	11,140	11,140	11,140
13.	Reserves excluding Revaluation Reserve as per balance sheet of previous accounting year (includes debit balance of profit & loss a/c, if any)				6,347	5,625
14.	Earning / (Loss) per share (of Rs 10/- each) (not annualised)					
	(a) Basic	(0.32)	0.50	1.10	0.65	1.93
	(b) Diluted	(0.32)	0.50	1.10	0.65	1.93

PART II

Select Information for the year ended 31/12/2014

	Particulars	Quarter ended 31/12/2014	Preceding quarter ended 30/09/2014	Corresponding quarter ended 31/12/2013 in the previous year	Year ended 31/12/2014	Year ended 31/12/2013
A	**PARTICULARS OF SHAREHOLDING**					
1.	Public shareholding					
	- Number of Shares	27,850,929	27,850,929	27,850,929	27,850,929	27,850,929
	- Percentage of shareholding	25.00%	25.00%	25.00%	25.00%	25.00%
2.	Promoters and promoter group Shareholding					
	a. Pledged / Encumbered					
	-Number of Shares	-	-	-	-	-
	-Percentage of shares (as a % of the total shareholding of Promoter and promoter group)	-	-	-	-	-
	-Percentage of shares (as a % of the total shareholding of the total share capital of the Company)	-	-	-	-	-
	b. Non Encumbered					
	-Number of Shares	83,552,787	83,552,787	83,552,787	83,552,787	83,552,787
	-Percentage of shares (as a % of the total shareholding of Promoter and promoter group)	100.00%	100.00%	100.00%	100.00%	100.00%
	-Percentage of shares (as a % of the total shareholding of the total share capital of the Company)	75.00%	75.00%	75.00%	75.00%	75.00%

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

Xchanging Solutions Limited		(Rs in lakhs)
Standalone Statement of Assets and Liabilities	As at	As at
Particulars	31/12/2014	31/12/2013
EQUITY AND LIABILITIES		
Shareholders' funds		
(a) Share capital	11,140	11,140
(b) Reserves and surplus	6,347	5,625
Sub-total - Shareholders' funds	17,487	16,765
Non-current liabilities		
(a) Long-term borrowings	158	126
(b) Other long-term liabilities	32	17
(c) Long-term provisions	302	560
Sub-total - Non-current liabilities	492	703
Current liabilities		
(a) Trade payables	1,939	1,928
(b) Other current liabilities	2,558	2,867
(c) Short-term provisions	2,703	1,815
Sub-total - Current liabilities	7,200	6,610
TOTAL - EQUITY AND LIABILITIES	25,179	24,078
ASSETS		
Non-current assets		
(a) Fixed assets	724	695
(b) Non-current investments	5,186	5,874
(c) Deferred tax assets	997	621
(d) Long-term loans and advances	3,924	3,354
(e) Other non-current assets	134	105
Sub-total - Non-current assets	10,965	10,649
Current assets		
(a) Trade receivables	5,084	4,270
(b) Cash and bank balances	5,948	5,053
(c) Short-term loans and advances	871	1,798
(d) Other current assets	2,311	2,308
Sub-total - Current assets	14,214	13,429
TOTAL - ASSETS	25,179	24,078

PART I (Rs in lakhs)

Statement of Consolidated Audited Results for the Year Ended 31/12/2014

Sl. No.	Particulars	Quarter ended 31/12/2014	Preceding quarter ended 30/09/2014	Corresponding quarter ended 31/12/2013 in the previous year	Year ended 31/12/2014	Year ended 31/12/2013
	(Refer Notes Below)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	(Audited)
1.	**Income from operations**					
	Net sales/ Income from operations	**7,148**	**7,770**	**6,510**	**28,695**	**24,309**
	Total Income from operations (net)	**7,148**	**7,770**	**6,510**	**28,695**	**24,309**
2.	**Expenses**					
	a) Employee benefits expenses	4,029	4,292	4,186	16,942	15,512
	b) Project work expenses	1,635	1,520	653	4,461	1,970
	c) Exchange loss / (gain)	15	(9)	141	50	(826)
	d) Depreciation and amortisation expense	150	107	131	477	499
	e) Other expenses	2,797	1,510	1,886	7,207	5,150
	Total Expenses	**8,626**	**7,420**	**6,997**	**29,137**	**22,305**
3.	**Profit from operations before other income, finance costs and exceptional items (1-2)**	**(1,478)**	**350**	**(487)**	**(442)**	**2,004**
4.	Other income	1,693	266	1,481	2,367	1,480
5.	**Profit from ordinary activities before finance costs and exceptional items (3+4)**	**215**	**616**	**994**	**1,925**	**3,484**
6.	Finance costs	5	5	6	20	17
7.	**Profit from ordinary activities after finance costs but before exceptional items (5-6)**	**210**	**611**	**988**	**1,905**	**3,467**
8.	Exceptional items (Gain) / Loss	(1,095)	(173)	(165)	(1,268)	(438)
9.	**Profit (+) / Loss (-) from ordinary activities before tax (7-8)**	**1,305**	**784**	**1,153**	**3,173**	**3,905**
10.	Tax expense	(33)	98	(311)	662	874
11.	**Net Profit (+) / Loss (-) for the period (9-10)**	**1,338**	**686**	**1,464**	**2,511**	**3,031**
12.	Paid up equity share capital (Face value per share Rs 10/-)	11,140	11,140	11,140	11,140	11,140
13.	Reserves excluding Revaluation Reserve as per balance sheet of previous accounting year (includes debit balance of profit & loss a/c, if any)		-		19,286	16,735
14.	Earning / (Loss) per share (of Rs 10/- each) (not annualised)					
	(a) Basic	1.20	0.62	1.31	2.25	2.72
	(b) Diluted	1.20	0.62	1.31	2.25	2.72

Xchanging Solutions Limited		(Rs in lakhs)
Consolidated Statement of Assets and Liabilities	As at	As at
Particulars	31/12/2014	31/12/2013
EQUITY AND LIABILITIES		
Shareholders' funds		
(a) Share capital	11,140	11,140
(b) Reserves and surplus	19,286	16,735
Sub-total - Shareholders' funds	30,426	27,875
Non-current liabilities		
(a) Long-term borrowings	158	126
(b) Other long-term liabilities	32	17
(c) Long-term provisions	567	560
Sub-total - Non-current liabilities	757	703
Current liabilities		
(a) Trade payables	3,550	4,194
(b) Other current liabilities	3,368	3,562
(c) Short-term provisions	2,810	2,266
Sub-total - Current liabilities	9,728	10,022
TOTAL - EQUITY AND LIABILITIES	40,911	38,600
ASSETS		
Non-current assets		
(a) Fixed assets	16,609	16,589
(b) Deferred tax assets	997	621
(c) Long-term loans and advances	4,116	3,354
(d) Other non-current assets	134	105
Sub-total - Non-current assets	21,856	20,669
Current assets		
(a) Trade receivables	6,656	4,668
(b) Cash and bank balances	7,541	7,514
(c) Short-term loans and advances	862	1,911
(d) Other current assets	3,996	3,838
Sub-total - Current assets	19,055	17,931
TOTAL - ASSETS	40,911	38,600

Notes to above results :

1. a) The above financial results of Xchanging Solutions Limited (the Company) and its subsidiaries (the Group) have been reviewed and recommended by the Audit Committee and approved by the Board of Directors on February 27, 2015.
   b) The Board of Directors in their meeting held on November 07, 2014 had resolved to reduce the paid-up share capital of the Company from Rs. 10/- to Rs. 5.50/- per share. Subsequently, the Board of Directors, in their meeting held on February 27, 2015, has approved a reduction of share capital by way of reducing the nominal value of equity share of the Company from Rs. 10 per share to Rs. 5 per share, subject to the approval of the shareholders, regulatory authorities and the High Court of Karnataka.
2. The Company has only one primary segment viz., Information Technology (IT) services and accordingly the above results also relate to this segment.
3. On August 1, 2002, the Company issued 1,500,000, 11% debentures of face value of Rs. 100 each. The debentures were repayable at par at the end of five years from the date of issuance. Based on the orders of the Debt Recovery Tribunal, the Company had issued duplicate debenture certificates for 625,000 debentures in favour of a Bank and these debentures were redeemed in June 2007. Post redemption of these debentures, a civil suit was filed against the Company by Third Party claiming rights over the said 625,000 debentures. Decision on this suit is still pending before Hon'ble Madras High Court. On the basis of an interim application filed by the Third Party, the Hon'ble High Court passed an Interim Order in restraining the Company from reflecting the redemption of debentures and directing the Company to continue to show it as due and payable. The Company has filed an appeal against the interim order, pending which; no adjustment has been made in these accounts.
4. In the ordinary course of business, the Company is subject to legal proceedings, claims and litigation. Xchanging Solutions Limited and its USA subsidiary, Xchanging Solution USA Inc.,("XSUI") is currently a defendant in a claim for an unspecified amount alleging a breach of warranties in the USA. The claim in question relates to a contract that was awarded to XSUI in 2006 and was subsequently sold by XSUI in 2007 to the claimant. The litigation is a fact intensive case for which the fact discovery and proceedings are ongoing in USA. Based on the facts produced and reviewed to date and legal advice thereon, the Company believes it is not probable that the claim will be successful or result in a material impact on the financial statements. Therefore, no provision is required to be made at this stage.
5. (a) Exceptional items for the year as per consolidated results of the Group comprises the following:
   (i) During the year, the Company received a confirmation from the liquidator of one of its erstwhile subsidiary, confirming offset of its liability which is no longer payable. As the amount had been written off in the earlier years, Rs.1,095 has been now written back.
   (ii) Rs 173 relates to reversal of provision created in the prior years for an onerous lease held by the Company, as the Company does not anticipate any outflow now.
   (b) Exceptional items for the previous year as per consolidated results of the Group comprises the following:
   (i) Rs. 273 relating to partial receipt of loan already written off in prior years.
   (ii) Rs 165 arising on reversal of provision for portion of the security deposit made in previous year.
6. (a) Exceptional items for the year as per standalone results of the Company comprises the following:
   (i) The Company has strategic gross investments amounting to Rs. 2,222 in Xchanging Solutions (Europe) Limited, UK, its wholly owned subsidiary. Based on assessment of diminution in the value of investments, the Company had made a provision of Rs. 1,534 in prior years. During the year, the Company has reassessed the investments for impairment using discounted cash flow method and as a result of this assessment, the company has created additional provision of Rs 688 against the investments towards diminution in value considering it to be "a decline other than temporary".
   (ii) Rs 173 relates to reversal of provision created in the prior years for an onerous lease held by the Company, as the Company does not anticipate any outflow now.
   (b) Exceptional items for the previous year as per standalone results of the Company amounting to Rs 165 relates to reversal of provision for portion of the security deposit made in previous year.
7. The amounts for the previous year have been reclassified wherever necessary to conform to the current year's presentation.

By Order of the Board of Directors

Alok K Sinha
Executive Director &
Chief Executive Officer

Place : Bengaluru, India
Date : February 27, 2015