



Independent Auditor's Report

To the Board of Directors of Guangzhou Hexaware Information Technologies Company Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Guangzhou Hexaware Information Technologies Company Limited ("the Company"), which comprise the balance sheet as at 31st December, 2018, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year ended on that date and a summary of the 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 preparation and presentation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) Financial Reporting as specified under section 133 of the Companies Act, 2013 ('the Act') read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting 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 adequate 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 thereunder.



K.S. Bhatia & Co.

Chartered Accountants

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 a 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 the 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 including the Ind AS, of the financial position of the Company as at 31st December, 2018 and financial performance including total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

for **K. S. Bhatia & Co.**

Chartered Accountants

Firm's Registration Number: 114520W


Kaushik Bhatia

Partner



Membership Number: 046908

Mumbai, 24th January 2019

GUANGZHOU HEXAWARE INFORMATION TECHNOLOGIES COMPANY LIMITED
BALANCE SHEET AS AT DECEMBER 31, 2018

		Currency : CNY	
		As at	As at
	Note	December 31, 2018	December 31, 2017
Assets			
Current assets			
Financial Assets			
- Trade receivables	4	112,012	69,351
- Cash and cash equivalents	5	195,026	360,620
- Other financial assets	6	135,244	-
- Unbilled revenue		-	74,078
Other assets	7	-	4,168
Total current assets		442,282	508,217
Total assets		442,282	508,217
Equity and liabilities			
Equity			
Equity Share capital	8	1,319,164	1,319,164
Other Equity		(951,006)	(816,947)
Total equity		368,158	502,217
Current liabilities			
Other financial liabilities	9	60,234	6,000
Other current liabilities	10	13,890	-
Total current liabilities		74,124	6,000
Total liabilities		74,124	6,000
Total equity and liabilities		442,282	508,217

Notes 1 to 22 forms an integral part of financial statements

As per our report of even date

Guangzhou Hexaware Information Technologies Company Limited



Shyam J Mansukhani
 Authorised Signatory

Place : Mumbai
 Date : 24th January, 2019

For K.S. Bhatia & Co.
 Chartered Accountants
 FRN No. 114520W



Kaushik Bhatia
 Partner
 M. No. 046908



Place : Mumbai
 Date : 24th January, 2019


GUANGZHOU HEXAWARE INFORMATION TECHNOLOGIES COMPANY LIMITED
STATEMENT OF PROFIT AND LOSS

Currency : CNY

	Notes	For the Year ended	
		December 31, 2018	December 31, 2017
INCOME			
Revenue from information technology and consultancy services		1,861,213	166,724
Other Income	11	663	315
Total Income		1,861,876	167,039
EXPENSES			
Software and Development Expenses	12	462,418	77,842
Employee benefits expense	13	1,409,606	336,961
Operation and Other Expenses	14	141,387	89,037
Exchange Rate difference (net)		(17,476)	(191)
Total Expenses		1,995,935	503,649
Loss Before Tax		(134,059)	(336,610)
Tax Expenses		-	-
Loss for the year		(134,059)	(336,610)
Other Comprehensive Income		-	-
Total Comprehensive Loss for the year		(134,059)	(336,610)

Notes 1 to 22 forms an integral part of financial statements

Guangzhou Hexaware Information Technologies Company Limited


 Shyam J. Mansukhani
 Authorised Signatory

Place : Mumbai
 Date : 24th January, 2019

As per our report of even date

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 Chartered Accountants
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 Kaushik Bhatia
 Partner
 M. No. 046908



Place : Mumbai
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GUANGZHOU HEXAWARE INFORMATION TECHNOLOGIES COMPANY LIMITED
CASH FLOW STATEMENT

Currency : CNY

For the Year ended

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Cash Flow from operating activities		
Net Loss before tax	(134,059)	(336,610)
Adjustments for:		
Interest Income	(663)	(315)
Operating profit before working capital changes	<u>(134,722)</u>	<u>(336,925)</u>
Adjustments for:		
Trade and other receivables	(99,659)	(143,767)
Trade and other payables	68,124	6,000
Cash from / (used) in operations	<u>(166,257)</u>	<u>(474,692)</u>
Net cash generated from investing activities	-	-
Proceeds from issue of share capital	-	656,350
Interest Income	663	315
Net cash from financing activities	<u>663</u>	<u>656,665</u>
Net increase / (decrease) in cash and cash equivalents	(165,594)	181,973
Cash and cash equivalents at the beginning of the year	360,620	178,647
Cash and cash equivalents at the end of the year (Refer note no 5)	<u><u>195,026</u></u>	<u><u>360,620</u></u>

Notes 1 to 22 forms an integral part of the financial statements

Guangzhou Hexaware Information Technologies Company Limited



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Kaushik Bhatia
 Partner
 M. No. 046908



Place : Mumbai
 Date : 24th January, 2019

GUANGZHOU HEXAWARE INFORMATION TECHNOLOGIES COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY

A. Equity Share Capital

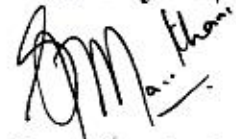
	As at January 1, 2018	Changes during the year	Currency : CNY As at December 31, 2018
	1,319,164	-	1,319,164
	As at January 1, 2017	Changes during the year	As at December 31, 2017
	662,814	656,350	1,319,164

B. Other Equity

	<u>Reserves and Surplus</u>	
	Retained Earnings	Total
Balances as at January 1, 2018	(816,947)	(816,947)
Loss for the year	(134,059)	(134,059)
Other comprehensive income	-	-
Total comprehensive loss for the year	(134,059)	(134,059)
As at December 31, 2018	<u>(951,006)</u>	<u>(951,006)</u>
Balances as at January 1, 2017	(480,337)	(480,337)
Loss for the year	(336,610)	(336,610)
Other comprehensive income	-	-
Total comprehensive loss for the year	(336,610)	(336,610)
As at December 31, 2017	<u>(816,947)</u>	<u>(816,947)</u>

Notes 1 to 22 forms an integral part of the financial statements

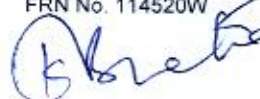
Guangzhou Hexaware Information Technologies Company Limited


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Place : Mumbai
 Date : 24th January, 2019

As per our report of even date

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 Kaushik Bhatia
 Partner
 M. No. 046908



Place : Mumbai
 Date : 24th January, 2019

GUANGZHOU HEXAWARE INFORMATION TECHNOLOGIES COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

1 Corporate Information

Guangzhou Hexaware Information Technologies Company Limited incorporated on 21st May 2015. The Company is engaged in providing business process outsourcing / Call center services. It operates in various service lines like Human Resource outsourcing, Healthcare outsourcing, Finance/ Accounts Management and Knowledge Process Outsourcing. The Company is the Wholly Owned subsidiary of Hexaware Technologies Ltd India.

2 Significant Accounting Policies

2.1 Statement of compliance

The financial statements comply in all material aspects with Indian Accounting standards (referred to as "Ind AS") notified under Section 133 of the Companies Act, 2013 (the "Act") [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

2.2 Basis of Preparation

These financial statements are prepared on historical cost basis, except for certain financial instruments, which are measured at fair values as explained in the accounting policies below.

2.3 Critical accounting judgements and key source of estimation uncertainty

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenue, expense, assets and liabilities and disclosures relating to contingent liabilities on the date of the financial statements. Actual results could differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates is recognised in the period in which the estimate is revised and in any future period affected.

Key source of estimation uncertainty which may cause material adjustments:

2.3.1 Impairment of Assets

Determining whether asset is impaired requires an estimation of the value in use of the cash-generating units to which asset has been allocated. The value in use calculation requires the management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where actual future cash flows are less than expected, a material impairment loss may arise.

2.3.2 Others

Others areas involving estimates relates to provision for the doubtful debts.

2.4 Revenue Recognition

a) Revenue is measured at fair value of consideration received or receivable.

b) Revenue from business process management arises from unit-priced contracts, time based contracts and cost based projects. Such revenue is recognised as services are performed. It is billed in accordance with the specific terms of the contract with the client.

Amount received or billed in advance of services performed are recorded as unearned revenue.

Unbilled services represents revenue recognized based on services performed in advance of billing in accordance with contract terms.

c) Revenue is reported net of discount and indirect taxes.

d) Interest income is recognised using effective interest rate method.

2.5 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

a) Finance Lease

Assets taken on finance lease are capitalised at lower of present value of the minimum lease payments and the fair value and liability is recognised for an equivalent amount. Lease payments are apportioned between finance charge and reduction in outstanding liability so as to achieve a constant rate of interest on the remaining balance of liability.

b) Operating Leases

Assets taken on lease under which all risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under operating leases are recognised as expenses on straight line basis over the lease term unless the payment to the lessor are structured to increase in line with expected general inflation.

Furnished and equipped premises leased out under operating lease are capitalised in the books of the Company. Lease income is recognised over the lease term on a straight line basis.



GUANGZHOU HEXAWARE INFORMATION TECHNOLOGIES COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

2.6 Functional and presentation currency

- a) The functional currency of the Company is Chinese Yuan ie (CNY).
- b) Foreign currency

Transactions in foreign currency are recorded at the original rate of exchange in force at the time transactions are effected. Monetary items denominated in foreign currency are restated using the exchange rate prevailing on the date of the balance sheet. The resulting exchange difference on such restatement and settlement is recognized in the profit or loss except exchange differences on transactions entered into in order to hedge certain foreign currency risk.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date of balance sheet. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

2.7 Employee Benefits

- a) **Post-employment benefits and other long term benefit plan**

The Company contributes to the employee benefit Scheme as per the Labour Law Regulations as applicable in China Republic.

- b) **Short term employee benefit**

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees is recognized as an expense during the year when the employee renders those services. These benefits include compensated absences such as leave expected to be availed within a year, statutory employee profit sharing and bonus payable.

2.8 Taxes on Income

Income tax expense comprises of current tax and deferred tax. Current and deferred tax are recognised in net income, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

Current tax is measured at the amount expected to be paid or recovered from the domestic and overseas tax authorities using enacted or substantively enacted tax rates.

2.9 Impairment of assets other than goodwill

- a) **Financial assets (other than at fair value)**

The Company assesses at each balance sheet date, whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

- b) **Non-financial assets**

Tangible and Intangible assets

At the end of each reporting period, the Company assesses whether there is an indication that an asset may be impaired. An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs or allocated. Impairment loss is charged to the profit or loss in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

2.10 Provisions

Provisions are recognised when the Company has present obligation (legal or constructive) as a result of a past event for which reliable estimate can be made of the amount of obligation and it is probable that the company will be required to settle the obligation. When a provision is measured using cash flows estimated to settle the present obligation its carrying amount is the present value of those cash flows; unless the effect of time value of money is immaterial.



GUANGZHOU HEXAWARE INFORMATION TECHNOLOGIES COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

2.11 Non derivative financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

A Financial assets and financial liabilities – measurement

(i) Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(iii) Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit and loss are immediately recognised in statement of profit and loss.

(iv) Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

(v) Financial liabilities

Financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

B Share capital

Equity shares

Incremental costs directly attributable to the issue of equity shares, net of any tax effects, are recognised as a deduction from equity.



GUANGZHOU HEXAWARE INFORMATION TECHNOLOGIES COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

3 Recent accounting pronouncements

Ind AS 115 Revenue from the contracts with customers replaces the current standard, Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The standard provides a single principle based five step model to be applied to all contracts with customers. Guidance is provided on topics such as the point at which revenue is recognised, accounting for variable consideration, cost to fulfill to contract and obtaining a contract and various other related matters.

The standard is applicable to the Company with effect from January 1, 2019, to be applied retrospectively in accordance with the transition guidance. The Company is evaluating the impact of its adoption on its financial statements.

4 Trade Receivables (unsecured)

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Considered good	112,012	69,351
	<u>112,012</u>	<u>69,351</u>

The Company's credit period generally ranges from 30-60 days. Allowance for the doubtful debts is made for the debts outstanding for over 180 days unless confirmed by the customer and/ or recoverability is considered reasonable. The age wise breakup of trade receivables, net of allowances is given below:

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Not Due	66,195	32,860
Due less than 180 days	45,817	36,491
Due greater than 180 days	-	-
	<u>112,012</u>	<u>69,351</u>
Average age (days)	<u>29</u>	<u>55</u>

5 Cash and cash equivalents

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
In current accounts with banks	195,026	360,620
	<u>195,026</u>	<u>360,620</u>

6 Other financial asset

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Other receivable from related party	134,200	-
Security Deposit for Premises	1,044	-
	<u>135,244</u>	<u>-</u>

7 Other Current Assets

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Prepaid Expenses	-	4,168
	<u>-</u>	<u>4,168</u>



GUANGZHOU HEXAWARE INFORMATION TECHNOLOGIES COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

8 Equity Share Capital

Currency : CNY

8.1 Issued, subscribed and paid-up capital

December 31, 2018

December 31, 2017

Equity share Capital

1,319,164

1,319,164

8.2 The entire share capital is held by Hexaware Technologies Ltd India, the Holding Company

8.3 Rights, preferences and restrictions attached to equity shares:

The Company has one class of equity shares having no par value. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all liabilities, in proportion to their shareholding.

8.4 Reconciliation of number of shares

December 31, 2018

December 31, 2017

Shares outstanding at the beginning of the year

40

20

Shares issued during the year

-

20

Shares outstanding at the end of the year

40

40

9 Other Financial Liabilities

Currency : CNY

December 31, 2018

December 31, 2017

Accrued expenses

51,834

-

Employee liabilities Payable

8,400

6,000

60,234

6,000

10 Other Current Liabilities

December 31, 2018

December 31, 2017

Statutory liabilities

13,890

13,890



GUANGZHOU HEXAWARE INFORMATION TECHNOLOGIES COMPANY LIMITED
 NOTES TO THE FINANCIAL STATEMENTS

Currency : CNY

11 Other income	For the Year ended	
	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Interest income	663	315
	<u>663</u>	<u>315</u>

12 Software and Development Expenses	For the Year ended	
	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Consultant related expenses	462,418	77,842
	<u>462,418</u>	<u>77,842</u>

13 Employee benefits expense	For the Year ended	
	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Salary and allowances	1,208,060	212,257
Contribution to provident and other funds	201,546	124,704
	<u>1,409,606</u>	<u>336,961</u>

14 Operation and Other Expenses	For the Year ended	
	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Rent	57,518	48,864
Rates and taxes	12,195	195
Travelling and conveyance	24,091	7,280
Communication expenses	208	-
Repairs and maintenance	280	-
Printing and stationery	1,200	175
Legal and professional fees	42,200	31,398
Bank and other charges	3,695	1,125
	<u>141,367</u>	<u>89,037</u>



GUANGZHOU HEXAWARE INFORMATION TECHNOLOGIES COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

15 Financial Instruments

Currency : CNY

15.1 Financial Instruments by category

The carrying value / fair value of financial instruments by categories is as follows:

December 31, 2018	Amortised Cost	Fair value through other comprehensive income	Fair value through Profit and (Loss)	Total carrying / fair value
Cash and cash equivalents	195,026	-	-	195,026
Trade receivables	112,012	-	-	112,012
Other financial assets	135,244	-	-	135,244
	<u>442,282</u>	<u>-</u>	<u>-</u>	<u>442,282</u>
Other financial liabilities	60,234	-	-	60,234
	<u>60,234</u>	<u>-</u>	<u>-</u>	<u>60,234</u>

Currency : CNY

December 31, 2017	Amortised Cost	Fair value through other comprehensive income	Fair value through Profit and (Loss)	Total carrying / fair value
Cash and cash equivalents	360,620	-	-	360,620
Trade receivables	69,351	-	-	69,351
Unbilled revenue	74,078	-	-	74,078
	<u>504,049</u>	<u>-</u>	<u>-</u>	<u>504,049</u>
Other financial liabilities	6,000	-	-	6,000
	<u>6,000</u>	<u>-</u>	<u>-</u>	<u>6,000</u>



GUANGZHOU HEXAWARE INFORMATION TECHNOLOGIES COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

15 Financial Instruments (Cont'd)

15.2 Financial risk management

The Company has identified the risks under verticals like client concentration risk, credit risk, and liquidity risk. The Company has formulated policies, procedures and strategies for managing risks which is affirmed by management, after consultation with all business units, functions and department heads.

Client concentration risk

100% of the revenue of 2018 is generated from top 3 clients. Any loss or major downsizing by this client may impact Company's profitability. Further, excessive exposure to particular clients will limit Company's negotiating capacity and expose us to higher credit risk.

The Company's growth strategy involves a mix of new client addition and mining the accounts of existing clients. As we add more clients and grow our revenues from the existing clients, we naturally reduce our dependence on the large clients. Moreover, large clients allow quick scaling up of revenues and they come with much higher margins due to lower associated cost and higher cost predictability.

Credit risk

Since most of our transactions are done on credit, we are exposed to credit risk on accounts receivable. Any delay, default or inability on the part of the client to pay on time will expose us to credit risk and can impact our profitability. Our maximum credit exposure is in respect of trade receivables of CNY 112,012 and CNY 69,351 as at December 31, 2018 and December 31, 2017 respectively and unbilled revenue of NIL and CNY 74,078 as at December 31, 2018 and December 31, 2017 respectively.

Our Days' Sales Outstanding DSO including unbilled revenue is 29 days as on December 31, 2018. Refer Note No.4 for the age wise analysis of trade receivables that are not due as well as past due. The company manages its credit risk through rigorous debt collection procedures.

Top 3 customers dues contribute 100% of the total outstanding as at December 31, 2018.

Cash and cash equivalents include current a/c balances with banks with high credit-ratings assigned by credit-rating agencies.



GUANGZHOU HEXAWARE INFORMATION TECHNOLOGIES COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

15 Financial Instruments (Cont'd)

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GUANGZHOU HEXAWARE INFORMATION TECHNOLOGIES COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

15 Financial Instruments (Cont'd)

Liquidity risk

The Company needs continuous access to funds to meet short and long term strategic investment requirements. The Company's inability to meet such requirements in stipulated period may hamper growth plan and even ongoing operations. Further, the Company's inability to quickly convert assets into cash without incurring any appreciable loss will expose it to liquidity risks.

Over the years, the Company has increased its liquidity position by maintaining high cash / bank balances.

As at December 31, 2018, the Company had total cash / bank balances of CNY 195,026 which constitutes approximately 44.10% of total assets. The Company does not have any debt.

The tables below provide details of the contractual maturities of significant financial liabilities as at:

<u>As at December 31, 2018</u>	Curr: CNY		
	<u>Less than 1 year</u>	<u>1-2 years</u>	<u>Total</u>
Employee liabilities Payable	8,400	-	8,400
	<u>8,400</u>	<u>-</u>	<u>8,400</u>

<u>As at December 31, 2017</u>	Curr: CNY		
	<u>Less than 1 year</u>	<u>1-2 years</u>	<u>Total</u>
Employee liabilities Payable	6,000	-	6,000
	<u>6,000</u>	<u>-</u>	<u>6,000</u>

Interest rate risk

The Company does not have any debt. The bank deposits is in the form of fixed interest rate deposits. Hence, the Company is not significantly exposed to interest rate risk.

16 Earnings per share (EPS)

The components of basic and diluted EPS were as follows:	Currency : CNY	
	For the Year ended	
	<u>December, 2018</u>	<u>December, 2017</u>
Net profit after tax (In CNY)	(134,059)	(336,610)
Weighted average outstanding equity shares considered for basic and diluted EPS (Nos.)	40	40
Basic and diluted earnings per share (In CNY)	(3,351.48)	(8,415.25)



GUANGZHOU HEXAWARE INFORMATION TECHNOLOGIES COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

17 Segments

The Company operates in only one Segment - BPS.

- 18 The Company takes on lease office space and accommodation for its employees under various operating leases. The lease rentals towards operating lease agreements recognised in the Statement of Profit and Loss for the year is CNY 57,518 (December 31, 2017 CNY 48,864)

The future minimum lease payments and payment profile of the non-cancellable operating leases are as follows:

Particulars	Currency : CNY	
	December 31, 2018	December 31, 2017
Not later than one year	15,261	12,463
Later than one year and not later than five years	-	-
Total	15,261	12,463

19 Related Parties Disclosures:

i) Name of Related parties and description of relationship:

Ultimate Holding Company and it's subsidiaries

Baring Private Equity Asia GP V, LP, Cayman Island (Ultimate holding company) (control exists)

The Baring Asia Private Equity Fund V, LP, Cayman Island

Baring Private Equity Asia V Maurilius Holding (4) Limited, Mauritius

HT Global IT Solutions Holdings Limited, Mauritius

Holding Company (control exists)

Hexaware Technologies Limited, India

Fellow subsidiaries

Hexaware Technologies Inc., USA

Hexaware Technologies Asia Pacific Pte. Ltd., Singapore

Hexaware Information Technologies (Shanghai) Company Limited

Key Management Personnel

Shyam Mansukhani

ii) Related party transactions

Software & Consultancy Income

Fellow subsidiaries

Hexaware Technologies Inc., USA

Hexaware Technologies Asia Pacific Pte. Ltd., Singapore

Total

	Currency : CNY	
	For the Year ended	
	December 31, 2018	December 31, 2017
Amount	Amount	
	282,857	-
	757,506	-
Total	1,040,363	-

Recovery cost from

Fellow subsidiaries

Hexaware Technologies Asia Pacific Pte. Ltd., Singapore

Hexaware Technologies Inc.

Hexaware Information Technologies (Shanghai) Company Limited

Total

	Currency : CNY	
	For the Year ended	
	December 31, 2018	December 31, 2017
Amount	Amount	
	45,450	-
	12,950	-
	134,200	-
Total	192,600	-

iii) Outstanding Balances

Trade receivables

Fellow subsidiaries

Hexaware Technologies Inc., USA

Total

	Currency : CNY	
	As of	
	December 31, 2018	December 31, 2017
Amount	Amount	
	45,817	69,351
Total	45,817	69,351

Other Receivables

Receivables from Fellow subsidiaries

Hexaware Information Technologies (Shanghai) Company Limited

Total

	Currency : CNY	
	As of	
	December 31, 2018	December 31, 2017
Amount	Amount	
	134,200	-
Total	134,200	-

Investment by Holding Company

	Currency : CNY	
	December 31, 2018	December 31, 2017
Amount	Amount	
	1,319,164	1,319,164

- 20 The Company recognized CNY 201,546 in December 2018 & CNY 124,704 in December 2017 towards social security in the statement of profit and loss account. The contributions payable to these plans by the company are at rates specified in the rules of the schemes.

21 Material events after Balance Sheet date

There is no significant event after reporting date which requires amendments or disclosure to the financial statements.

22 Approval of the financial statements

The financial statements were approved for issue by the Board of Directors on 24th January, 2019

