

Price Waterhouse Chartered Accountants LLP

The Board of Directors
Hexaware Technologies Limited
152, Millennium Business Park,
Sector 3rd 'A' Block,
TTC Industrial Area Mahape,
Navi Mumbai - 400710.

Report on special purpose Ind AS financial statements

1. This report is issued in accordance with the terms of our agreement dated February 7, 2018.
2. We have audited the accompanying special purpose Ind AS financial statements of Hexaware Technologies Canada Limited (the "Company") which comprise the Balance Sheet as at December 31, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year ended on that date and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

Management's Responsibility for the special purpose Ind AS financial statements

3. The Company's Board of Directors is responsible for the preparation of these special purpose Ind AS financial statements to 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 Indian Accounting Standards ("Ind AS") specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Companies Act 2013 (the "Act") and other accounting principles generally accepted in India, to the extent considered relevant by it for the purpose for which these special purpose Ind AS financial statements have been prepared. 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 controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the special purpose Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

4. Our responsibility is to express an opinion on these special purpose Ind AS financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing and other applicable authoritative pronouncements 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 special purpose Ind AS financial statements are free from material misstatement.



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Price Waterhouse (a Partnership Firm) converted into Price Waterhouse Chartered Accountants LLP (a Limited Liability Partnership with LLP identity no: LLPIN AAC-5001) with effect from July 25, 2014. Post its conversion to Price Waterhouse Chartered Accountants LLP, its ICAI registration number is 012754N/N500016 (ICAI registration number before conversion was 012754N)

Price Waterhouse Chartered Accountants LLP

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Hexaware Technologies Limited

Report on the Special Purpose Ind AS Financial Statements

Page 2 of 2

5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special purpose Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the special purpose Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the special purpose Ind AS financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the special purpose Ind AS financial statements.
6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the special purpose Ind AS financial statements.

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid special purpose Ind AS financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at December 31, 2017, and its total comprehensive income (comprising of profit and other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Other Matter

8. The comparative financial information of the Company as at and for the year ended December 31, 2016 and the transition date opening balance sheet as at January 1, 2016 prepared in accordance with Ind AS included in these special purpose Ind AS financial statements have been audited by the predecessor auditor who had audited the special purpose Ind AS financial statements as at and for the year ended December 31, 2016. The predecessor auditor has expressed an unmodified opinion on such comparative financial information vide their report dated February 6, 2018.

Our opinion is not qualified in respect of this matter.

Restriction on Use

9. This report is issued only for the purpose of consolidation of financial statement of the Company with the Holding Company, Hexaware Technologies Limited, and to comply with the provisions of Section 129 read with Section 136 of the Companies Act, 2013 and should not be used for any other purposes.

For Price Waterhouse Chartered Accountants LLP
Firm Registration No. 012754N/N-500016
Chartered Accountants



Sumit Seth
Partner
Membership No. 105869

Place: Mumbai
Date: February 7, 2018


HEXAWARE TECHNOLOGIES CANADA LIMITED
BALANCE SHEET

(Amount In CAD)

	Note	As at		
		December 31, 2017	December 31, 2016	January 1, 2016
Assets				
Non-current assets				
Property, Plant and Equipment (PPE)	4	-	-	-
Intangible Assets	5	-	-	123
Total non-current assets		-	-	123
Current assets				
Financial Assets				
- Trade Receivables	6	1,459,220	1,524,850	1,524,769
- Cash and Cash Equivalents	7	397,762	156,448	183,591
- Other Financial Assets	8	47,936	42,581	30,120
Income Tax Asset (net)		1,900	10,600	-
Other Current Assets	9	1,351	-	5,517
Total current assets		1,908,169	1,734,479	1,743,997
Total assets		1,908,169	1,734,479	1,744,120
Equity and liabilities				
Equity				
Equity Share capital	10	23,385	23,385	23,385
Other Equity		1,605,607	1,477,884	1,350,361
Total equity		1,628,992	1,501,269	1,373,746
Current liabilities				
Financial Liabilities				
- Trade and other payables	11	10,059	38,118	132,030
- Other financial liabilities	12	138,747	86,216	92,119
Other current liabilities	13	44,904	35,986	45,643
Provisions				
- Employee benefit obligations		85,467	72,890	98,780
Current Tax Liabilities (net)		-	-	1,802
Total current liabilities		279,177	233,210	370,374
Total liabilities		279,177	233,210	370,374
Total equity and liabilities		1,908,169	1,734,479	1,744,120

The notes on pages form an integral part of the financial statements

In terms of our report attached
For Price Waterhouse Chartered Accounts LLP
Firm Registration Number : 012754N / N500016
Chartered Accountants


Sumit Seth
Partner
Membership Number : 105869
Place : Mumbai
Date : February 7, 2018

For and on behalf of the Board of Directors


R. Srikrishna
Director

Place : Mumbai
Date : February 7, 2018


HEXAWARE TECHNOLOGIES CANADA LIMITED
STATEMENT OF PROFIT AND LOSS

(Amount In CAD)

	<u>For year ended</u>	
	<u>December 31, 2017</u>	<u>December 31, 2016</u>
INCOME		
Revenue from Operations	2,265,618	2,164,313
Other Income	18	-
Total Income	<u>2,265,636</u>	<u>2,164,313</u>
EXPENSES		
Software and Development Expenses	14 14,051	84,845
Employee Benefits Expense	15 2,045,602	1,882,356
Operation and Other Expenses	16 32,146	22,996
Depreciation and Amortisation Expense	4,5 -	123
Total Expenses	<u>2,091,799</u>	<u>1,990,320</u>
Profit Before Tax	<u>173,837</u>	<u>173,993</u>
Tax Expense - Current	18 <u>46,114</u>	<u>46,470</u>
Profit for the year	<u>127,723</u>	<u>127,523</u>
Other comprehensive income	-	-
Total Comprehensive income for the year	<u><u>127,723</u></u>	<u><u>127,523</u></u>
Earnings per share (Basic and Diluted)	17 <u><u>127,723</u></u>	<u><u>127,523</u></u>

The notes on pages form an integral part of the financial statements

In terms of our report attached
For Price Waterhouse Chartered Accounts LLP
 Firm Registration Number : 012754N / N500016
 Chartered Accountants


Sumit Seth
 Partner
 Membership Number : 105869
 Place : Mumbai
 Date : February 7, 2018

For and on behalf of the Board of Directors


R. Srikrishna
 Director
 Place : Mumbai
 Date : February 7, 2018

HEXAWARE TECHNOLOGIES CANADA LIMITED
STATEMENT OF CHANGES IN EQUITY

(Amount In CAD)

A. Equity Share Capital

<u>As at</u> <u>January 1, 2017</u>	<u>Changes during the</u> <u>year</u>	<u>As at</u> <u>December 31, 2017</u>
23,385	-	23,385

<u>As at</u> <u>January 1, 2016</u>	<u>Changes during the</u> <u>year</u>	<u>As at</u> <u>December 31, 2016</u>
23,385	-	23,385

B. Other Equity

Retained Earnings


Balances as at January 1, 2017	1,477,884
Profit for the year	127,723
Other comprehensive income for the year	-
As at December 31, 2017	1,605,607
Balances as at January 1, 2016	1,350,361
Profit for the year	127,523
Other comprehensive income for the year	-
As at December 31, 2016	1,477,884

The notes on pages form an integral part of the financial statements

In terms of our report attached
For Price Waterhouse Chartered Accounts LLP
Firm Registration Number : 012754N / N500016
Chartered Accountants


Sumit Seth
Partner
Membership Number : 105869
Place : Mumbai
Date : February 7, 2018

For and on behalf of the Board of Directors


R. Srikrishna
Director
Place : Mumbai
Date : February 7, 2018

HEXAWARE TECHNOLOGIES CANADA LIMITED
CASH FLOW STATEMENT

(Amount In CAD)

	<u>For year ended</u>	
	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Cash Flow from operating activities		
Net Profit before tax	173,837	173,993
Adjustments for:		
Depreciation and amortisation expense	-	123
Operating profit before working capital changes	173,837	174,116
Adjustments for:		
Trade receivables and other assets	58,924	(7,025)
Trade payables / provisions and other liabilities	45,967	(135,362)
Cash generated from operations	278,728	31,729
Direct Taxes Paid (net)	(37,414)	(58,872)
Net cash (used in) operating activities	241,314	(27,143)
Net increase/ (decrease) in cash and cash equivalents	241,314	(27,143)
Cash and cash equivalents at the beginning of the year	156,448	183,591
Cash and cash equivalents at the end of the year	397,762	156,448


The notes on pages form an integral part of the financial statements

In terms of our report attached

For Price Waterhouse Chartered Accounts LLP
Firm Registration Number : 012754N / N500016
Chartered Accountants


Sumit Seth
Partner
Membership Number : 105869
Place : Mumbai
Date : February 7, 2018

For and on behalf of the Board of Directors


R. Srikrishna
Director
Place : Mumbai
Date : February 7, 2018

HEXAWARE TECHNOLOGIES CANADA LIMITED
NOTES TO THE FINANCIAL STATEMENTS

1 Corporate Information

Hexaware Technologies Canada Limited ('the Company') is a wholly owned subsidiary of Hexaware Technologies Limited, a foreign corporation incorporated in India ('The Holding Company'). These special purpose financial statements have been prepared for the purpose of consolidation with the holding company.

The Company was incorporated in October 2001. The Company provides information technology ("IT") services and solutions to its clients, primarily in the form of professional IT and consulting services.

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.

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act, 2013 ("the Act") with effect from January 1, 2017. The date of transition to Ind AS is January 1, 2016. In accordance with Ind AS 101 First-time Adoption of Indian Accounting Standards, the Company has presented a reconciliation under Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP") to Ind AS. Refer note 3 for the details of transition to Ind AS.

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:

i) Revenue recognition

The Company uses the percentage-of-completion method in accounting for its fixed-price contracts. Use of the percentage-of completion method requires the Company to estimate the efforts expended to date as a proportion of the total efforts to be expended. Efforts expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date and can be reasonably estimated.

2.4 Revenue Recognition

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

a) Revenues from software solutions and consulting services are recognized on specified terms of contract.

In case of contract on time and material basis, revenue is recognised when the related services are performed.

In case of fixed price contracts, revenue is recognized using percentage of completion method. The Company uses the efforts expended to date as a proportion to the total efforts to be expended as a basis to measure the degree of completion. The cumulative impact of any revision in estimates of the percentage of work completed is reflected in the year in which the change becomes known. Provisions for estimated losses on such engagements are made during the year in which a loss becomes probable and can be reasonably estimated.

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.

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

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.

2.6 (a) Functional and presentation currency

Functional currency of the Company is Canadian Dollar (CAD), the currency of primary economic environment in which it operates. These financial statements are presented in functional currency i.e. CAD.

(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 Statement of Profit and 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 when the fair value was determined. 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

Company's contribution to defined contribution retirement schemes viz. contribution to the State and Federal pension plans is charged to Statement of Profit and Loss as incurred.

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 period when the employee renders those services. These benefits include compensated absences such as leave expected to be availed within a year and short term medical insurance contribution plans.

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.

Deferred taxes are recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profits, except when the deferred income tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither the accounting nor taxable profit at the time of the transaction.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be utilized.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

Advance taxes and provisions for current income taxes as well as deferred tax assets and liabilities are presented in the Balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the entity intends to settle the asset and liability on a net basis.

2.9 Property, plant and equipment (PPE)

PPE are stated at cost of acquisition less accumulated depreciation and impairment loss, if any.

Depreciation

Depreciation is provided on straight-line method based on the estimated useful lives of the assets as follows:

Asset Class	Estimated useful Life
Computer Systems (included in Plant and Machinery)	3 years
Electrical Fittings (included in Plant and Machinery)	8 years

Depreciation methods, estimated useful lives and residual values are reviewed at the end of each year and adjusted prospectively where appropriate.

An item of PPE is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising on derecognition is determined as the difference between the sales proceeds and the carrying amount of the assets and is recognised in Statement of Profit and Loss.

2.10 Intangible assets

Intangible assets with finite useful lives that are acquired are initially recognised at cost in case of separately acquired assets and at fair value in case of acquisition in business combination. Subsequent to initial recognition, intangible assets are reported at cost less accumulated amortisation and impairment loss, if any. Amortisation is recognised on a straight-line basis over their estimated useful lives. Software licenses are amortised over three years.

Amortisation method, estimated useful lives and residual values are reviewed at the end of each year and adjusted prospectively where appropriate.

An intangible asset is derecognised on disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising on derecognition is determined as the difference between the sales proceeds and the carrying amount of the assets and is recognised in Statement of Profit and Loss.

2.11 Impairment of assets

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 "Financial Instrument" 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.

2.12 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.



2.13 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 – Subsequent measurement

(i) Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model 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 model 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. 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

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.

2.14 Earnings per share ('EPS')

Basic EPS are computed by dividing profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year. Diluted EPS is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares considered for deriving basic EPS and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

3 First-time adoption of Ind AS

These are Company's first financial statements prepared in accordance with Ind AS. The accounting policies set out in note 2 have been applied in preparing financial statements for the year ended December 31, 2017, comparative financial statements for the year ended December 31, 2016 and in preparation of opening Ind AS balance sheet at January 1, 2016 (the date of transition). Upon transition to Ind AS there were no material adjustments and therefore any reconciliation items in Balance sheet, Statement of Profit and Loss and Cash flows reported in previous GAAP in comparison with Ind AS.

3.1 Exemption availed

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has availed the following material exemption:

On transition to Ind AS, the Company has elected to continue with the carrying value of all its property, plant and equipment and intangible assets recognised as at January 1, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of property, plant and equipment and intangible assets.



HEXAWARE TECHNOLOGIES CANADA LIMITED
NOTES TO THE FINANCIAL STATEMENTS

(Amount In CAD)

4 Property, Plant and Equipment (PPE)
PPE consist of the following:

	<u>Plant and Machinery</u>
<u>COST</u>	
At January 1, 2017	3,547
Additions	-
Disposals	-
At December 31, 2017	<u>3,547</u>
<u>ACCUMULATED DEPRECIATION</u>	
At January 1, 2017	3,547
Charge for the year	-
Disposals	-
At December 31, 2017	<u>3,547</u>
<u>NET CARRYING AMOUNT</u>	
At December 31, 2017	<u>-</u>
<u>COST</u>	
At January 1, 2016	3,547
Additions	-
Disposals	-
At December 31, 2016	<u>3,547</u>
<u>ACCUMULATED DEPRECIATION</u>	
At January 1, 2016	3,547
Charge for the year	-
Disposals	-
At December 31, 2016	<u>3,547</u>
<u>NET CARRYING AMOUNT</u>	
At December 31, 2016	<u>-</u>
At January 1, 2016	<u>-</u>
(Deemed cost, refer note 3.1)	

Note:
Plant and machinery includes computer systems.



HEXAWARE TECHNOLOGIES CANADA LIMITED
NOTES TO THE FINANCIAL STATEMENTS

(Amount In CAD)

5 Intangible assets

Intangible assets consist of the following:

	<u>Software licenses</u>
<u>COST</u>	
At January 1, 2017	657
Additions	-
Disposals	-
At December 31, 2017	<u>657</u>
<u>ACCUMULATED AMORTISATION</u>	
At January 1, 2017	657
Amortisation for the year	-
Disposals	-
At December 31, 2017	<u>657</u>
<u>NET CARRYING AMOUNT</u>	
At December 31, 2017	<u>-</u>
At January 1, 2017	<u>-</u>
<u>COST</u>	
At January 1, 2016	657
Additions	-
Disposals	-
At December 31, 2016	<u>657</u>
<u>ACCUMULATED AMORTISATION</u>	
At January 1, 2016	534
Amortisation for the year	123
Disposals	-
At December 31, 2016	<u>657</u>
<u>NET CARRYING AMOUNT</u>	
At December 31, 2016	<u>-</u>
At January 1, 2016	<u>123</u>
(Deemed cost, refer note 3.1)	

Amortisation is included in Statement of Profit and Loss under the line item "Depreciation and Amortisation Expense".



6 Trade Receivables (Unsecured)

	<u>As at</u> <u>December 31, 2017</u>	<u>As at</u> <u>December 31, 2016</u>	<u>As at</u> <u>January 1, 2016</u>
Considered good	1,459,220	1,524,850	1,524,769
Considered doubtful	-	-	-
	<u>1,459,220</u>	<u>1,524,850</u>	<u>1,524,769</u>

The age wise breakup of trade receivables, net of allowances is given below:

	<u>As at</u> <u>December 31, 2017</u>	<u>As at</u> <u>December 31, 2016</u>	<u>As at</u> <u>January 1, 2016</u>
Not due	238,590	190,791	266,369
Due less than 180 days	1,220,630	1,158,367	1,258,400
Due greater than 180 days	-	175,692	-
	<u>1,459,220</u>	<u>1,524,850</u>	<u>1,524,769</u>

7 Cash and cash equivalents

	<u>As at</u> <u>December 31, 2017</u>	<u>As at</u> <u>December 31, 2016</u>	<u>As at</u> <u>January 1, 2016</u>
In current accounts with banks	397,762	156,448	183,591
	<u>397,762</u>	<u>156,448</u>	<u>183,591</u>

8 Other financial assets (Secured) (considered good)

Current

	<u>As at</u> <u>December 31, 2017</u>	<u>As at</u> <u>December 31, 2016</u>	<u>As at</u> <u>January 1, 2016</u>
Security deposits for premises and others	2,330	-	-
Advance to related parties (Refer note no.20)	45,606	36,379	27,331
Employee advances	-	6,202	2,789
	<u>47,936</u>	<u>42,581</u>	<u>30,120</u>

9 Other current assets (unsecured)

	<u>As at</u> <u>December 31, 2017</u>	<u>As at</u> <u>December 31, 2016</u>	<u>As at</u> <u>January 1, 2016</u>
Prepaid Expenses	1,351	-	5,517
	<u>1,351</u>	<u>-</u>	<u>5,517</u>

10 Equity Share Capital

10.1 Authorised capital

	<u>As at</u> <u>December 31, 2017</u>	<u>As at</u> <u>December 31, 2016</u>	<u>As at</u> <u>January 1, 2016</u>
Unlimited Share Capital Consisting of 9 Classes of shares (Series A)	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>

10.2 Issued, subscribed and paid-up capital

	<u>As at</u> <u>December 31, 2017</u>	<u>As at</u> <u>December 31, 2016</u>	<u>As at</u> <u>January 1, 2016</u>
1 Share in common stock of no par value of Class "A" shares	23,385	23,385	23,385
	<u>23,385</u>	<u>23,385</u>	<u>23,385</u>

10.3 There is no movement in the share capital during the year ended December 31, 2017 and year ended December 31, 2016.

10.4 Rights, preferences and restrictions attached to equity shares

The Company has issued one class of common stock having no par value. Each shareholder is eligible for one vote per share held. In the event of liquidation the shareholders are eligible to receive the remaining assets of the Company.

10.5 All shares are held by Hexaware Technologies Ltd, the holding company, since incorporation of the Company.

11 Trade and other payables

Current

	<u>As at</u> <u>December 31, 2017</u>	<u>As at</u> <u>December 31, 2016</u>	<u>As at</u> <u>January 1, 2016</u>
Trade Payable	-	25,131	123,514
Accrued expenses	10,059	12,987	8,516
	<u>10,059</u>	<u>38,118</u>	<u>132,030</u>

12 Other financial liabilities

Current

	<u>As at</u> <u>December 31, 2017</u>	<u>As at</u> <u>December 31, 2016</u>	<u>As at</u> <u>January 1, 2016</u>
Employee liabilities payable	138,747	86,216	92,119
	<u>138,747</u>	<u>86,216</u>	<u>92,119</u>

13 Other current liabilities

	<u>As at</u> <u>December 31, 2017</u>	<u>As at</u> <u>December 31, 2016</u>	<u>As at</u> <u>January 1, 2016</u>
Statutory liabilities	44,904	35,986	45,643
	<u>44,904</u>	<u>35,986</u>	<u>45,643</u>



	<u>For year ended</u> <u>December 31, 2017</u>	<u>For year ended</u> <u>December 31, 2016</u>
14 Software and development expenses		
Consultant travel and related expenses	14,051	49,800
Software expenses	-	35,045
	<u>14,051</u>	<u>84,845</u>
15 Employee benefits expense		
	<u>For year ended</u> <u>December 31, 2017</u>	<u>For year ended</u> <u>December 31, 2016</u>
Salary and allowances	1,834,598	1,671,866
Contribution to other funds	211,004	210,490
	<u>2,045,602</u>	<u>1,882,356</u>
16 Operation and other expenses		
	<u>For year ended</u> <u>December 31, 2017</u>	<u>For year ended</u> <u>December 31, 2016</u>
Rent	13,558	-
Auditors remuneration	4,990	4,676
Legal and professional fees	8,326	9,197
Bank and other charges	2,555	2,701
Service charges	163	-
Miscellaneous expenses	2,554	6,422
	<u>32,146</u>	<u>22,996</u>

17 Earnings per share

The issued, subscribed and paid up capital of the Company consists of one share in common stock of no par value and the earnings per share is computed on the basis of such one share. Accordingly the entire profit after tax is the earnings per share.

18 The reconciliation of estimated tax expenses in Statement of Profit and Loss is as follows.

	<u>For year ended</u> <u>December 31, 2017</u>	<u>For year ended</u> <u>December 31, 2016</u>
Profit before income tax	173,837	173,993
Expected tax expense at the enacted tax rate of 38%	66,058	66,117
Impact of tax abatement and general adjustment	(39,109)	(39,611)
Provincial taxes	19,165	19,964
Income tax expense:	<u>46,114</u>	<u>46,470</u>



HEXAWARE TECHNOLOGIES CANADA LIMITED
NOTES TO THE FINANCIAL STATEMENTS

19 Financial Instruments

19.1 Financial Instruments by category

All Financial instruments are measured at amortised cost. Amortised cost- Carrying amount of cash and cash equivalents, trade receivables, trade and other payables, other financial assets and liabilities approximate the fair value because of their short term nature.

19.2 The Company has identified the risks under verticals like client concentration risk, credit risk, liquidity risk and interest rate risk. The Company has formulated policies, procedures and strategies for managing risks which is also affirmed by global management.

Client concentration risk

100% of the revenue of 2017 is generated from Hexaware Technologies Inc USA, fellow subsidiary (98% as at December 31, 2016). Any loss or major downsizing by the fellow subsidiary may impact Company's profitability. Further, excessive exposure to particular client will limit Company's negotiating capacity and expose us to one customer.

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 CAD 1,459,220, CAD 1,524,850 and CAD 1,524,769 as at December 31, 2017, December 31, 2016 and January 1, 2016, respectively. Refer Note No. 6 for the age wise analysis of trade receivables that are not due as well as past due.

Hexaware Technologies Inc USA, fellow subsidiary contribute 100% of the total outstanding trade receivable as at December 31, 2017 and as at December 31, 2016.

Liquidity risk

Cash and cash equivalents includes current account balances with banks.

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.

As at December 31, 2017, the Company had total cash / bank balance CAD 397,762 which constitutes approximately 21% of total assets (9% as at December 31, 2016). The Company does not have any debt.

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

	(Amount In CAD)		
	<u>Less than 1 year</u>	<u>1-2 years</u>	<u>Total</u>
As at December 31, 2017			
Trade payables	10,059	-	10,059
Others (Refer note 11)	138,747	-	138,747
Total	148,806	-	148,806
As at December 31, 2016			
Trade payables	38,118	-	38,118
Others (Refer note 11)	86,216	-	86,216
Total	124,334	-	124,334
As at January 1, 2016			
Trade payables	132,030	-	132,030
Others (Refer note 11)	92,119	-	92,119
Total	224,149	-	224,149

Interest rate risk

The Company does not have any debt. The balances with banks and financial institution is in the form of fixed interest rate deposits. Hence, the Company is not exposed to significant interest rate risk.

Capital management

The company's objectives when managing capital is to maintain optimal capital structure to continue to provide for adequate capital in the business, returns for shareholders and benefits for other stakeholders in the form of dividends, return of capital or issue of new shares.



20 Related party disclosures

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 Mauritius Holding (4) Limited, Mauritius

HT Global IT Solutions Holding Limited, Mauritius (control exists)

Holding Company (control exists)

Hexaware Technologies Limited, India.

Fellow Subsidiary

Hexaware Technologies, Inc., USA

Key Management Personnel

Mr. R. Srikrishna, Chief Executive Officer of Holding Company.

P R Chandrasekar, Director.

Michael Bergman, Director.

Vinod Chandran, Director.

Transactions during the year:

(Amount In CAD)

Sr No	Name of Transactions	Nature of relationship	Year ended	
			December 31, 2017	December 31, 2016
1	Expenditure - Reimbursement of Cost	Holding Company Fellow Subsidiary	- 94,579	567 86,907
2	Employee and other advances reimbursed to	Holding Company	14,330	41,792
3	Receiving of services	Holding Company	-	35,045
4	Revenue from Operations	Fellow Subsidiary	2,265,618	2,125,375
5	Recovery of Cost / Advances from	Fellow Subsidiary	64,508	46,639

Related party closing balances

(Amount In CAD)

Sr No	Particulars	Nature of relationship	As at		
			December 31, 2017	December 31, 2016	January 1, 2016
1	Trade Receivable	Fellow Subsidiary	1,459,220	1,524,850	1,503,016
2	Advances	Fellow Subsidiary	45,606	36,379	27,331
3	Trade Payable	Holding Company	-	19,642	122,517

21 Employee Benefits

The Company has recognised CAD 56,973 (Previous Year CAD 60,252) for pension fund contribution in Statement of Profit and Loss. The contributions payable to these plans by the company are at rates specified in the rules of the schemes.

22 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 CAD 13,558 (December 31, 2016 - CAD NIL)

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

Particulars	December 31, 2017	December 31, 2016
Not later than one year	1,165	-
Later than one year and not later than five years	-	-
Total	1,165	-

23 Segment disclosures

There is only one reportable operating segment viz software consultancy and geographic segment viz Canada, the results of which are disclosed in the financial statements. The Company has revenue only from 1 external customer (Fellow subsidiary)

24 Material events after Balance Sheet date

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

25 Approval of financial statements -

The financial statements were approved for issue by the Board of Directors on February 7, 2018

