



Independent Auditor's Report

To the Board of Directors of Hexaware Technologies Limited Liability Company

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Hexaware Technologies Limited Liability Company ("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, 25th January 2019

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

		As at December 31, 2018	Currency : RUB As at December 31, 2017
Assets			
Non-current assets			
Property, plant and equipment	4	2,822,770	8,200,078
Other intangible assets	5	61,725	69,262,303
Total non-current assets		<u>2,884,495</u>	<u>77,462,381</u>
Current assets			
Financial Assets			
- Trade receivables	8	4,473,824	-
- Cash and cash equivalents	9	25,388,798	29,911,742
- Unbilled revenue		3,500,000	9,926,964
- Other financial assets	6	756,682	4,171
Other assets	7B	500,922	3,372,900
Total current assets		<u>34,620,226</u>	<u>43,215,777</u>
Total assets		<u>37,504,721</u>	<u>120,678,158</u>
Equity and liabilities			
Equity			
Equity Share capital	10	157,226,724	157,226,724
Other Equity		(124,430,873)	(83,242,943)
Total equity		<u>32,795,851</u>	<u>73,983,781</u>
Non-current liabilities			
Other financial liabilities	11A	-	23,134,040
Total non-current liabilities		<u>-</u>	<u>23,134,040</u>
Current liabilities			
Financial Liabilities			
Other financial liabilities	11B	3,051,076	2,922,037
Other current liabilities	12	1,657,794	20,638,300
Total current liabilities		<u>4,708,870</u>	<u>23,560,337</u>
Total liabilities		<u>4,708,870</u>	<u>46,694,377</u>
Total equity and liabilities		<u>37,504,721</u>	<u>120,678,158</u>

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

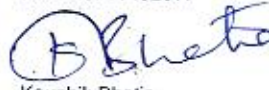
Hexaware Technologies Limited Liability Company


 Shyam J Mansukhani
 Authorised Signatory

Place : Mumbai
 Date : 25th January, 2019

As per our report of even date

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


 Kaushik Bhatia
 Partner
 M. No. 046908



Place : Mumbai
 Date : 25th January, 2019

HEXAWARE TECHNOLOGIES LIMITED LIABILITY COMPANY
STATEMENT OF PROFIT AND LOSS

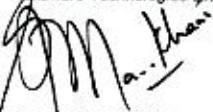
Currency : RUB

For the Year ended

Notes	December 31,	
	2018	2017
INCOME		
Revenue from information technology and consultancy services	46,681,667	41,714,894
Other Income	20,651,871	526,342
Total Income	72,333,538	50,311,236
EXPENSES		
Employee benefits expense	41,436,492	43,022,585
Operation and Other Expenses	8,564,565	7,820,313
Exchange Rate difference (net)	1,946,502	(1,369,963)
Depreciation and amortization expense	61,573,909	33,910,052
Total Expenses	113,521,468	83,382,987
Loss Before Tax	(41,187,930)	(33,071,751)
Loss for the Year	(41,187,930)	(33,071,751)
Other comprehensive income		
Total Comprehensive loss for the Year	(41,187,930)	(33,071,751)

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

Hexaware Technologies Limited Liability Company


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 Kaushik Bhatia
 Partner
 M. No. 046908



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 Date : 25th January, 2019

HEXAWARE TECHNOLOGIES LIMITED LIABILITY COMPANY
CASH FLOW STATEMENT


Currency : RUB

For the Year ended

	<u>December 31,</u> <u>2018</u>	<u>December 31,</u> <u>2017</u>
Cash Flow from operating activities		
Net Loss before tax	(41,187,930)	(33,071,751)
Adjustments for:		
Depreciation and amortization expense	61,573,909	33,910,052
Interest Income	(522,344)	(526,342)
Exchange Rate Difference (net) - unrealised	1,946,502	(1,369,963)
Operating Loss before working capital changes	21,810,137	(1,058,004)
Adjustments for:		
Trade and other receivables	4,072,608	(4,109,442)
Trade and other payables	(18,851,468)	13,724,719
Net cash from/(used) in operating activities	7,031,277	8,557,273
Cash flow from investing activities		
Purchase of PPE & Intangible assets	-	(164,401)
Capital creditors w/back	(25,080,542)	-
Interest received	522,344	526,342
Proceeds from sale of fixed assets	13,003,977	-
Net cash used in investing activities	(11,554,221)	361,941
Cash flow from financing activities		
Net cash from financing activities	-	-
Net Increase/(decrease) in cash and cash equivalents	(4,522,944)	8,919,214
Cash and cash equivalents at the beginning of the Year	29,911,742	20,992,528
Cash and cash equivalents at the end of the Year	25,388,798	29,911,742

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

Hexaware Technologies Limited Liability Company


 Shyam Mansukhani
 Authorised Signatory

Place : Mumbai
 Date : 25th January, 2019

As per our report of even date

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


 Kaushik Bhatia
 Partner
 M. No. 046908



Place : Mumbai
 Date : 25th January, 2019

HEXAWARE TECHNOLOGIES LIMITED LIABILITY COMPANY
STATEMENT OF CHANGES IN EQUITY

A. Equity Share Capital

	As at January 1, 2018	Changes during the Year	Currency : RUB As at December 31, 2018
	157,226,724	-	157,226,724

	As at January 1, 2017	Changes during the Year	As at December 31, 2017
	157,226,724	-	157,226,724

B. Other Equity

	<u>Reserves and Surplus</u>	
	Retained Earnings	Total
Balances as at January 1, 2018	(83,242,943)	(83,242,943)
Loss for the Year	(41,187,930)	(41,187,930)
Other comprehensive income	-	-
Total comprehensive loss for the Year	(41,187,930)	(41,187,930)
As at December 31, 2018	<u>(124,430,873)</u>	<u>(124,430,873)</u>
Balance as at January 1, 2017	(50,171,192)	(50,171,192)
Loss for the Year	(33,071,751)	(33,071,751)
Other comprehensive income	-	-
Total comprehensive loss for the Year	(33,071,751)	(33,071,751)
As at December 31, 2017	<u>(83,242,943)</u>	<u>(83,242,943)</u>

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

Hexaware Technologies Limited Liability Company



Shyam J Mansukhani
 Authorised Signatory

Place : Mumbai
 Date : 25th January, 2019

As per our report of even date

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



Kaushik Bhatia,
 Partner
 M. No. 046908



Place : Mumbai
 Date : 25th January, 2019

HEXAWARE TECHNOLOGIES LIMITED LIABILITY COMPANY
NOTES TO THE FINANCIAL STATEMENTS

1 Corporate Information

Hexaware Technologies LLC is a Limited Liability Company domiciled in Tver, Russia incorporated on 14th October 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

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

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.

Revenue is reported net of discount and indirect taxes.

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.



HEXAWARE TECHNOLOGIES LIMITED LIABILITY COMPANY
NOTES TO THE FINANCIAL STATEMENTS

2.6 Functional and presentation currency

- a) The functional currency of the Company is Rubles ie (RUB).
- 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 Russian 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 period 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.

Deferred taxes are recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax assets and liabilities are not recognised when the deferred income tax 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.

Advance taxes and provisions for current income taxes as well as deferred tax assets and liabilities are presented in the statement of financial position 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.



HEXAWARE TECHNOLOGIES LIMITED LIABILITY COMPANY
NOTES TO THE FINANCIAL STATEMENTS

2.9 Property, plant and equipment (PPE)

PPE are stated at cost of acquisition less accumulated depreciation (other than freehold land) 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
Office Equipment	5 years
Furniture and Fixtures	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 profit or 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. Following table summarises the nature of intangibles and the estimated useful lives.

Asset Class	Estimated useful Life
Software licenses	3 years
Customer Contracts/Relations	5 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 profit or loss.

2.11 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.

2.12 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.

Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with above para and the amount initially recognised less cumulative amortisation recognised.

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 – 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.



HEXAWARE TECHNOLOGIES LIMITED LIABILITY COMPANY
NOTES TO THE FINANCIAL STATEMENTS

(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.

3 Recent Accounting Pronouncements

Ind AS 115 Revenue from the contracts with customers replaces the current revenue recognition standard, Ind AS 18 Revenue and Ind AS 11 Construction Contracts. This 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 a 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.



HEXAWARE TECHNOLOGIES LIMITED LIABILITY COMPANY
NOTES TO THE FINANCIAL STATEMENTS

4 Property, Plant and Equipment (PPE)

PPE consist of the following:

Currency : RUB

	<u>Plant and Machinery</u>	<u>Furniture and Fixtures</u>	<u>Office Equipment</u>	<u>Total</u>
<u>COST</u>				
At January 1, 2018	12,932,790	1,089,559	4,650,923	18,673,272
Additions	-	-	-	-
Disposals	-	-	-	-
At December 31, 2018	12,932,790	1,089,559	4,650,923	18,673,272
<u>ACCUMULATED DEPRECIATION</u>				
At January 1, 2018	8,294,081	271,727	1,907,386	10,473,194
Charge for the Year	4,310,928	136,200	930,180	5,377,308
Disposals	-	-	-	-
At December 31, 2018	12,605,009	407,927	2,837,566	15,850,502
<u>NET CARRYING AMOUNT</u>				
At December 31, 2018	327,781	681,632	1,813,357	2,822,770

<u>COST</u>				
At January 1, 2017	12,932,790	1,089,559	4,645,847	18,668,196
Additions	-	-	5,076	5,076
Disposals	-	-	-	-
At December 31, 2017	12,932,790	1,089,559	4,650,923	18,673,272
<u>ACCUMULATED DEPRECIATION</u>				
At January 1, 2017	3,983,153	136,527	977,709	5,096,389
Charge for the year	4,310,928	136,200	929,677	5,376,805
Disposals	-	-	-	-
At December 31, 2017	8,294,081	271,727	1,907,386	10,473,194
<u>NET CARRYING AMOUNT</u>				
At December 31, 2017	4,638,709	817,832	2,743,537	8,200,078
At January 1, 2017	8,949,637	954,032	3,668,138	13,571,807

Note:

i) Plant and machinery includes computer systems



HEXAWARE TECHNOLOGIES LIMITED LIABILITY COMPANY
NOTES TO THE FINANCIAL STATEMENTS

Currency : RUB

5 Intangible assets

Intangible assets consist of the following:

	<u>Software</u> <u>licenses</u>	<u>Customer</u> <u>Contracts/ Relations</u>	<u>Total</u>
<u>COST</u>			
At January 1, 2018	201,325	128,457,365	128,658,690
Additions	-	-	-
Disposals	-	128,457,365	128,457,365
At December 31, 2018	<u>201,325</u>	<u>-</u>	<u>201,325</u>
<u>ACCUMULATED AMORTISATION</u>			
At January 1, 2018	73,662	59,322,725	59,396,387
Amortisation for the Year	65,938	56,130,663	56,196,601
Disposals	-	115,453,388	115,453,388
At December 31, 2018	<u>139,600</u>	<u>-</u>	<u>139,600</u>
<u>NET CARRYING AMOUNT</u>			
At December 31, 2018	<u>61,725</u>	<u>-</u>	<u>61,725</u>
<u>COST</u>			
At January 1, 2017	42,000	128,457,365	128,499,365
Additions	159,325	-	159,325
At December 31, 2017	<u>201,325</u>	<u>128,457,365</u>	<u>128,658,690</u>
<u>ACCUMULATED AMORTISATION</u>			
At January 1, 2017	15,323	30,847,817	30,863,140
Amortisation for the year	58,339	28,474,908	28,533,247
At December 31, 2017	<u>73,662</u>	<u>59,322,725</u>	<u>59,396,387</u>
<u>NET CARRYING AMOUNT</u>			
At December 31, 2017	<u>127,663</u>	<u>69,134,640</u>	<u>69,262,303</u>
At January 1, 2017	<u>26,677</u>	<u>97,609,548</u>	<u>97,636,225</u>

Amortisation is included in statement of profit or loss under the line item "Depreciation and Amortisation".
 The Company has de-recognised the customer Contracts/ Relations on termination of the contract.



HEXAWARE TECHNOLOGIES LIMITED LIABILITY COMPANY
NOTES TO THE FINANCIAL STATEMENTS

6 Other financial assets

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Employee advances	756,682	4,171
	<u>756,682</u>	<u>4,171</u>

7 Other assets (unsecured)

B Current

Interest accrued on deposit LT	154,408	160,460
Prepaid Expenses	346,514	3,212,440
	<u>500,922</u>	<u>3,372,900</u>

8 Trade Receivables (unsecured)

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
<u>Considered good</u>	4,473,824	-
	<u>4,473,824</u>	<u>-</u>

The Company's credit period generally ranges from 30 - 60 days. The age wise break up of trade receivables, net of allowances is given below.

Not Due	-	-
Due less than 180 days	-	-
Due greater than 180 days	4,473,824	-
	<u>4,473,824</u>	<u>-</u>

Average age (days)	35	-
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9 Cash and cash equivalents

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
In current accounts with banks	2,988,798	19,911,742
Bank deposit Accounts with less than 3 months maturity	22,400,000	10,000,000
	<u>25,388,798</u>	<u>29,911,742</u>

10 Charter Share Capital

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
10.1 <u>Charter Share Capital</u> <u>Issued, subscribed and paid-up capital</u>		
Charter share Capital	<u>157,226,724</u>	<u>157,226,724</u>

10.2 The entire share capital is held by Hexaware Technologies Ltd India, the Holding Company since incorporation.

10.3 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.



**HEXAWARE TECHNOLOGIES LIMITED LIABILITY COMPANY
NOTES TO THE FINANCIAL STATEMENTS**

11 Other financial liabilities

A Non-current

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Capital creditors	-	23,134,040
	<u>-</u>	<u>23,134,040</u>

B Current

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Employee liabilities Payable	2,454,399	2,233,203
Accrued expenses	596,677	688,834
	<u>3,051,076</u>	<u>2,922,037</u>

12 Other liabilities

Current

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Advance from Customers	-	8,320,963
Statutory liabilities	1,657,794	12,317,337
	<u>1,657,794</u>	<u>20,638,300</u>



HEXAWARE TECHNOLOGIES LIMITED LIABILITY COMPANY
NOTES TO THE FINANCIAL STATEMENTS

13 Other income	Currency : RUB	
	For the Year ended	
	December 31, 2018	December 31, 2017
Interest income	522,344	529,342
Miscellaneous Income	25,129,527	
	<u>25,651,871</u>	<u>529,342</u>

14 Employee benefits expense	Currency : RUB	
	For the Year ended	
	December 31, 2018	December 31, 2017
Salary and allowances	32,662,947	33,190,407
Contribution to provident and other funds	8,673,001	9,754,574
Staff welfare expenses	100,544	77,604
	<u>41,436,492</u>	<u>43,022,585</u>

15 Operation and Other Expenses	Currency : RUB	
	For the Year ended	
	December 31, 2018	December 31, 2017
Rent	2,203,665	2,260,100
Rates and taxes	122,612	142,262
Travelling and conveyance	103,962	103,449
Electricity charges	1,268,145	966,548
Communication expenses	657,742	693,375
Repairs and maintenance	3,333,679	2,471,993
Printing and stationery	489,170	415,667
Legal and professional fees	70,000	61,250
Bank and other charges	108,943	118,176
Directors' sitting fees	185,727	317,308
Software License	-	212,657
Staff recruitment expenses	20,900	57,528
	<u>8,564,565</u>	<u>7,820,313</u>



HEXAWARE TECHNOLOGIES LIMITED LIABILITY COMPANY
NOTES TO THE FINANCIAL STATEMENTS

Currency : RUB

16 Financial Instruments

16.1 Financial Instruments by category

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

December 31, 2018	Amortised <u>Cost</u>	Fair value through other comprehensive <u>income</u>	Fair value through Profit and <u>Loss</u>	Total carrying / <u>fair value</u>
Cash and cash equivalents	25,388,798	-	-	25,388,798
Trade receivables	4,473,824	-	-	4,473,824
Unbilled revenue	3,500,000	-	-	3,500,000
Other financial assets	756,682	-	-	756,682
	<u>34,119,304</u>	<u>-</u>	<u>-</u>	<u>34,119,304</u>
Other financials liabilities	3,051,076	-	-	3,051,076
	<u>3,051,076</u>	<u>-</u>	<u>-</u>	<u>3,051,076</u>

Currency : RUB

December 31, 2017	Amortised <u>Cost</u>	Fair value through other comprehensive <u>income</u>	Fair value through Profit and <u>Loss</u>	Total carrying / <u>fair value</u>
Cash and cash equivalents	29,911,742	-	-	29,911,742
Unbilled revenue	9,926,964	-	-	9,926,964
Other financial assets	4,171	-	-	4,171
	<u>39,842,877</u>	<u>-</u>	<u>-</u>	<u>39,842,877</u>
Other financials liabilities	26,056,077	-	-	26,056,077
	<u>26,056,077</u>	<u>-</u>	<u>-</u>	<u>26,056,077</u>



HEXAWARE TECHNOLOGIES LIMITED LIABILITY COMPANY
NOTES TO THE FINANCIAL STATEMENTS

16 Financial Instruments (Cont'd)

16.2 Financial risk management

The Company has identified the risks under verticals like client concentration risk, credit risk, foreign currency fluctuation 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 1 client. 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 unbilled revenue. 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 unbilled revenue of RUB 3,500,000 and RUB 9,926,964 as at December 31, 2018 and December 31, 2017 respectively. And in respect of Trade receivable is of RUB 4,473,824 & RUB Nil as at December 2018 and December 2017 respectively.

Top 1 customer dues contribute 100% of the total outstanding as at December 31, 2018.

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

Foreign Currency fluctuations Risk

Foreign exchange fluctuations are one of the key risks impacting our business. The company's transactions are predominantly in Russian Rubles (RUB) and incurs foreign currency risk on transactions that are denominated by currency other than RUB such as USD. The company do not hedge any currency exposures

The following table analyses foreign currency risk from financial instruments as at December 31, 2018:

Curr: RUB

	<u>USD</u>	<u>EUR</u>	<u>GBP</u>	<u>Others</u>
Net financial assets	-	-	-	-
Net financial liabilities	-	-	-	-
Net assets/(liabilities)	-	-	-	-

The following table analyses foreign currency risk from financial instruments as at December 31, 2017:

Curr: RUB

	<u>USD</u>	<u>EUR</u>	<u>GBP</u>	<u>Others*</u>
Net financial assets	-	-	-	-
Net financial liabilities	23,134,040	-	-	-
Net assets/(liabilities)	(23,134,040)	-	-	-

10% depreciation of the respective foreign currencies with respect to functional currency of the Company and its subsidiaries would result in the decrease in Company's profit before tax approximately by RUB Nil & RUB 2,313,404 for the year ended December 31, 2018, December 31, 2017 respectively.

Sensitivity analysis is computed based on the changes in the income and expenses in foreign currency upon conversion into functional currency, due to exchange rate fluctuations between the previous reporting period and the current reporting period.



HEXAWARE TECHNOLOGIES LIMITED LIABILITY COMPANY
NOTES TO THE FINANCIAL STATEMENTS

16 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 RUB 25,388,798 which constitutes approximately 68% 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

	Curr: RUB		
<u>As at December 31, 2018</u>	<u>Less than 1 year</u>	<u>1-2 years</u>	<u>Total</u>
Capital creditors	-	-	-
Employee liabilities Payable	2,454,399	-	2,454,399
Accrued expenses	596,677	-	596,677
Total	3,051,076	-	3,051,076

	Curr: RUB		
<u>As at December 31, 2017</u>	<u>Less than 1 year</u>	<u>1-2 years</u>	<u>Total</u>
Capital creditors	-	23,134,040	23,134,040
Employee liabilities Payable	2,233,203	-	2,233,203
Accrued expenses	688,834	-	688,834
Total	2,922,037	23,134,040	26,056,077

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.



**HEXAWARE TECHNOLOGIES LIMITED LIABILITY COMPANY
NOTES TO THE FINANCIAL STATEMENTS**

17 Segments

The Company operates in only one Segment - BPS.

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 RUB 2,203,665 (December 31, 2017 RUB 2,260,100)

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

Particulars	Currency : RUB	
	December 31, 2018	December 31, 2017
Not later than one year	2,369,520	2,325,586
Later than one year and not later than five years	2,705,169	5,074,689
Total	5,074,689	7,400,275

19 Related Parties Disclosures:

Names of related parties

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 Holdings Limited, Mauritius

Holding Company (control exists)

Hexaware Technologies Limited, India

Key Management Personnel :

Shyam Mansukhani

ii) Related party transactions

Subscription to Capital by Holding Company

December 31, 2018	Currency : RUB	
	December 31, 2018	December 31, 2017
Amount	Amount	
157,226,724	157,226,724	

20 The Company recognized RUB 8,673,001 & RUB 9,754,574 in December 2018 & December 2017 for pension contributions, Social Insurance & Compulsory Medical insurance 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 as applicable in Russian Republic.

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 January 25, 2019.

