

B S R & Co. LLP

Chartered Accountants

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Independent Auditor's Report

To the Board of Directors of Hexaware Technologies Canada Limited

Report on the Audit of the special purpose Ind AS Financial Statements

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 31 December 2018, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and summary of the significant accounting policies and other explanatory information. These special purpose financial statements have been prepared by the Company's management for the purpose of consolidation of financial statements 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 ('the Act').

Management's Responsibility for the special purpose Ind AS Financial Statements

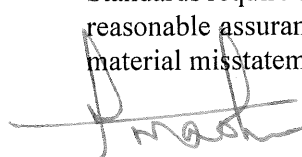
The Company's Board of Directors is responsible for the preparation of these special purpose Ind AS financial statements that give a true and fair view of the state of affairs, profit/loss (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, 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 for safeguarding 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 the 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these special purpose Ind AS financial statements based on our audit.

We conducted our audit of the special purpose Ind AS financial statements in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ("ICAI"). 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.



Independent Auditor's Report (*Continued*)

Hexaware Technologies Canada Limited

Auditor's Responsibility (*Continued*)

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the special purpose Ind AS financial statements. The procedures selected depend on the auditor's 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 auditor considers internal financial control relevant to the Company's preparation of the special purpose Ind AS financial statements that give a true and fair view 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 Company's internal control. An audit also includes evaluating the appropriateness of the 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 special purpose 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 special purpose 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 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 31 December 2018, its profit (including other comprehensive income), its changes in equity and its cash flows for the year ended on that date.

Other Matters

The comparative financial information of the Company for the year ended 31 December 2017 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 financial statements for the relevant period. The report of the predecessor auditor on the comparative financial information dated 7 February 2018 expressed an unmodified opinion.

Our opinion is not modified in respect of this matter.

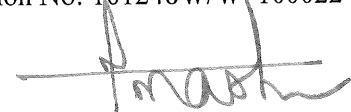
Restriction on Use

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 **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022



Akeel Master

Partner

Membership No: 046768

HEXAWARE TECHNOLOGIES CANADA LIMITED
BALANCE SHEET

(Amount in CAD)

	Note	As at	
		December 31, 2018	December 31, 2017
Assets			
Non-current assets			
Property, Plant and Equipment (PPE)	4	2,440	-
Intangible Assets	5	-	-
Total non-current assets		2,440	-
Current assets			
Financial Assets			
- Trade Receivables	6	1,909,783	1,459,220
- Cash and Cash Equivalents	7	423,046	397,762
- Other Financial Assets	8	104,346	47,936
Income Tax Asset (net)		-	1,900
Other Current Assets	9	1,195	1,351
Total current assets		2,438,370	1,908,169
Total assets		2,440,810	1,908,169
Equity and liabilities			
Equity			
Equity Share capital	10	23,385	23,385
Other Equity		1,852,831	1,605,607
Total equity		1,876,216	1,628,992
Current liabilities			
Financial Liabilities			
- Trade and other payables	11	66,749	10,059
- Other financial liabilities	12	281,125	138,747
Other current liabilities	13	89,276	44,904
Provisions			
- Employee benefit obligations		84,144	85,467
Current Tax Liabilities (net)		43,300	-
Total current liabilities		564,594	279,177
Total liabilities		564,594	279,177
Total equity and liabilities		2,440,810	1,908,169

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

In terms of our report attached

For B S R & Co. LLP

Firm Registration Number : 101248W/W-100022

Chartered Accountants



Akeel Master

Partner

Membership Number : 046768

Place : Mumbai

Date : January 30, 2019

For and on behalf of the Board of Directors



R. Srikrishna

Director

Place : Mumbai

Date : January 30, 2019


HEXAWARE TECHNOLOGIES CANADA LIMITED
STATEMENT OF PROFIT AND LOSS

(Amount In CAD)

	For year ended	
Notes	December 31, 2018	December 31, 2017
INCOME		
Revenue from Operations	4,017,968	2,265,618
Other Income	-	18
Total Income	4,017,968	2,265,636
EXPENSES		
Software and Development Expenses	14 126,822	14,051
Employee Benefits Expense	15 3,525,876	2,045,602
Operation and Other Expenses	16 27,449	32,146
Depreciation and Amortisation Expense	5,6 634	-
Total Expenses	3,680,781	2,091,799
Profit Before Tax	337,187	173,837
Tax Expense - Current	89,963	46,114
Profit for the year	247,224	127,723
Other comprehensive income	-	-
Total Comprehensive income for the year	247,224	127,723
Earnings per share (Basic and Diluted)	247,224	127,723

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

In terms of our report attached
For B S R & Co. LLP
Firm Registration Number : 101248W/W-100022
Chartered Accountants


Akeel Master
Partner
Membership Number : 046768
Place : Mumbai
Date : January 30, 2019

For and on behalf of the Board of Directors


R. Srikrishna
Director

Place : Mumbai
Date : January 30, 2019

HEXAWARE TECHNOLOGIES CANADA LIMITED
STATEMENT OF CHANGES IN EQUITY

(Amount In CAD)

A. Equity Share Capital

<u>As at</u> <u>January 1, 2018</u>	<u>Changes during the</u> <u>year</u>	<u>As at</u> <u>December 31, 2018</u>
23,385	-	23,385

<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

B. Other Equity

	Retained Earnings
Balances as at January 1, 2018	1,605,607
Profit for the year	247,224
Other comprehensive income for the year	-
As at December 31, 2018	<u>1,852,831</u>
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	<u>1,605,607</u>

Description of component of other equity

a) Retained earnings comprise of the accumulated undistributed earnings.

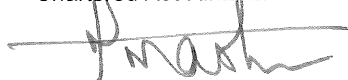
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In terms of our report attached

For B S R & Co. LLP

Firm Registration Number : 101248W/W-100022

Chartered Accountants



Akeel Master

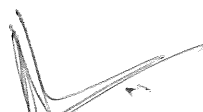
Partner

Membership Number : 046768

Place : Mumbai

Date : January 30, 2019

For and on behalf of the Board of Directors



R. Srikrishna

Director

Place : Mumbai

Date : January 30, 2019

HEXAWARE TECHNOLOGIES CANADA LIMITED
CASH FLOW STATEMENT

(Amount In CAD)

	For year ended	
	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Cash Flow from operating activities		
Net Profit before tax	337,187	173,837
Adjustments for:		
Depreciation and amortisation expense	634	-
Interest Income	-	-
Operating profit before working capital changes	<u>337,821</u>	<u>173,837</u>
Adjustments for:		
Trade receivables and other assets	(506,817)	58,924
Trade payables / provisions and other liabilities	242,118	45,967
Cash generated from operations	<u>73,122</u>	<u>278,728</u>
Direct Taxes Paid / refund (net)	(44,763)	(37,414)
Net cash (used in) operating activities	<u>28,359</u>	<u>241,314</u>
Cash flow from investing activities		
Purchase of fixed assets	(3,075)	-
Interest received	-	-
Net cash (used in) investing activities	<u>(3,075)</u>	<u>-</u>
Net increase/ (decrease) in cash and cash equivalents	25,284	241,314
Cash and cash equivalents at the beginning of the year	397,762	156,448
Cash and cash equivalents at the end of the year	<u>423,046</u>	<u>397,762</u>

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

In terms of our report attached

For B S R & Co. LLP

Firm Registration Number : 101248W/W-100022
Chartered Accountants



Akeel Master

Partner

Membership Number : 046768

Place : Mumbai

Date : January 30, 2019

For and on behalf of the Board of Directors



R. Srikrishna

Director

Place : Mumbai

Date : January 30, 2019

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.

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.

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.

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.



HEXAWARE TECHNOLOGIES CANADA LIMITED
NOTES TO THE FINANCIAL STATEMENTS

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.



HEXAWARE TECHNOLOGIES CANADA LIMITED
NOTES TO THE FINANCIAL STATEMENTS

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 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 CANADA LIMITED
NOTES TO THE FINANCIAL STATEMENTS

(Amount In CAD)

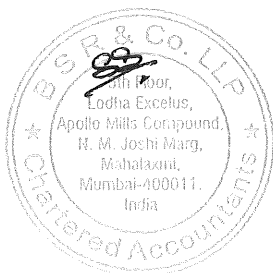
4 Property, Plant and Equipment (PPE)

PPE consist of the following:

	<u>Plant and Machinery</u>
<u>COST</u>	
At January 1, 2018	3,547
Additions	3,074
Disposals	-
At December 31, 2018	<u><u>6,621</u></u>
<u>ACCUMULATED DEPRECIATION</u>	
At January 1, 2018	3,547
Charge for the year	634
Disposals	-
At December 31, 2018	<u><u>4,181</u></u>
<u>NET CARRYING AMOUNT</u>	
At December 31, 2018	<u><u>2,440</u></u>
<u>COST</u>	
At January 1, 2017	3,547
Additions	-
Disposals	-
At December 31, 2017	<u><u>3,547</u></u>
<u>ACCUMULATED DEPRECIATION</u>	
At January 1, 2017	3,547
Charge for the year	-
Disposals	-
At December 31, 2017	<u><u>3,547</u></u>
<u>NET CARRYING AMOUNT</u>	
At December 31, 2017	<u><u>-</u></u>
At January 1, 2017	<u><u>-</u></u>
(Deemed cost, refer note 3.1)	

Note:

Plant and machinery includes computer systems.



HEXAWARE TECHNOLOGIES CANADA LIMITED
NOTES TO THE FINANCIAL STATEMENTS

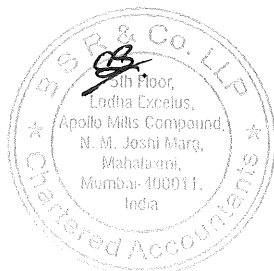
(Amount In CAD)

5 Intangible assets

Intangible assets consist of the following:

	<u>Software licenses</u>
<u>COST</u>	
At January 1, 2018	657
Additions	-
Disposals	-
At December 31, 2018	<u>657</u>
<u>ACCUMULATED AMORTISATION</u>	
At January 1, 2018	657
Amortisation for the year	-
Disposals	-
At December 31, 2018	<u>657</u>
<u>NET CARRYING AMOUNT</u>	
At December 31, 2018	<u>-</u>
At January 1, 2019	<u>-</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>
(Deemed cost, refer note 3.1)	

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



HEXAWARE TECHNOLOGIES CANADA LIMITED
NOTES TO THE FINANCIAL STATEMENTS

(Amount In CAD)

6 Trade Receivables (Unsecured)

	<u>As at</u> <u>December 31, 2018</u>	<u>As at</u> <u>December 31, 2017</u>
Considered good	1,909,783	1,459,220
Considered doubtful	-	-
	<u>1,909,783</u>	<u>1,459,220</u>

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

	<u>As at</u> <u>December 31, 2018</u>	<u>As at</u> <u>December 31, 2017</u>
Not due	499,629	238,590
Due less than 180 days	1,410,154	1,220,630
Due greater than 180 days	-	-
	<u>1,909,783</u>	<u>1,459,220</u>

7 Cash and cash equivalents

	<u>As at</u> <u>December 31, 2018</u>	<u>As at</u> <u>December 31, 2017</u>
In current accounts with banks	423,046	397,762
	<u>423,046</u>	<u>397,762</u>

8 Other financial assets (Secured) (considered good)
Current

	<u>As at</u> <u>December 31, 2018</u>	<u>As at</u> <u>December 31, 2017</u>
Security deposits for premises and others	2,330	2,330
Advance to related parties (Refer note no.20)	64,799	45,606
Employee advances	37,217	-
	<u>104,346</u>	<u>47,936</u>

9 Other current assets (unsecured)

	<u>As at</u> <u>December 31, 2018</u>	<u>As at</u> <u>December 31, 2017</u>
Prepaid Expenses	1,195	1,351
	<u>1,195</u>	<u>1,351</u>

10 Equity Share Capital

10.1 Authorised capital

	<u>As at</u> <u>December 31, 2018</u>	<u>As at</u> <u>December 31, 2017</u>
Unlimited Share Capital Consisting of 9 Classes of shares (Series A)	-	-
	<u>-</u>	<u>-</u>

10.2 Issued, subscribed and paid-up capital

	<u>As at</u> <u>December 31, 2018</u>	<u>As at</u> <u>December 31, 2017</u>
1 Share in common stock of no par value of Class "A" shares	23,385	23,385
	<u>23,385</u>	<u>23,385</u>

10.3 There is no movement in the share capital during the period ended December 31, 2018 and December 31, 2017.

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, 2018</u>	<u>As at</u> <u>December 31, 2017</u>
Trade Payable	60,202	-
Accrued expenses	6,547	10,059
	<u>66,749</u>	<u>10,059</u>

12 Other financial liabilities

Current	<u>As at</u> <u>December 31, 2018</u>	<u>As at</u> <u>December 31, 2017</u>
Employee liabilities payable	281,125	138,747
	<u>281,125</u>	<u>138,747</u>

13 Other current liabilities

	<u>As at</u> <u>December 31, 2018</u>	<u>As at</u> <u>December 31, 2017</u>
Statutory liabilities	89,276	44,904
	<u>89,276</u>	<u>44,904</u>



HEXAWARE TECHNOLOGIES CANADA LIMITED
NOTES TO THE FINANCIAL STATEMENTS

(Amount In CAD)

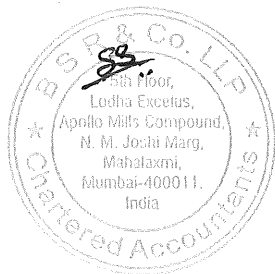
	<u>For year ended</u> <u>December 31, 2018</u>	<u>For year ended</u> <u>December 31, 2017</u>
14 Software and development expenses		
Consultant travel and related expenses	126,822	14,051
Software expenses	-	-
	<u>126,822</u>	<u>14,051</u>
15 Employee benefits expense		
Salary and allowances	3,153,782	1,834,598
Contribution to other funds	372,094	211,004
	<u>3,525,876</u>	<u>2,045,602</u>
16 Operation and other expenses		
Rent	14,850	13,558
Rates and taxes	1,643	
Auditors remuneration	(3,588)	4,990
Legal and professional fees	8,870	8,326
Bank and other charges	3,275	2,555
Insurance charges	2,103	
Service charges	-	163
Miscellaneous expenses	296	2,554
	<u>27,449</u>	<u>32,146</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, 2018</u>	<u>For year ended</u> <u>December 31, 2017</u>
Profit before income tax	337,187	173,837
Expected tax expense at the enacted tax rate of 38%	128,131	66,058
Impact of tax abatement and general adjustment	(77,574)	(39,983)
Provincial taxes	39,204	20,025
Short provision of taxes of earlier years	163	14
Others	39	
Income tax expense:	<u>89,963</u>	<u>48,114</u>



HEXAWARE TECHNOLOGIES CANADA LIMITED
NOTES TO THE FINANCIAL STATEMENTS

19 Financial Instruments

20.1 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.

20.2 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

99.99% of the revenue of 2018 is generated from Hexaware Technologies Inc USA, fellow subsidiary (100% as at Decemember 31, 2017). 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 1909783 and CAD 1,459,220 as at December 31, 2018 and December 31, 2017, 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, 2018 and as at December 31, 2017.

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, 2018, the Company had total cash / bank balance CAD 423,046 which constitutes approximately 17% of total assets (21% as at Decemember 31, 2017). The Company does not have any debt.

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

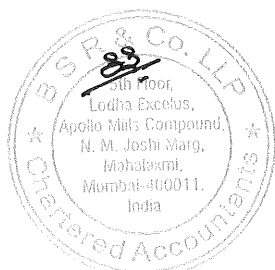
	(Amount In CAD)		
<u>As at December 31, 2018</u>	<u>Less than 1 year</u>	<u>1-2 years</u>	<u>Total</u>
Trade payables	66,749	-	66,749
Others (Refer note 11)	281,125	-	281,125
Total	347,874	-	347,874
<u>As at December 31, 2017</u>	<u>Less than 1 year</u>	<u>1-2 years</u>	<u>Total</u>
Trade payables	10,059	-	10,059
Others (Refer note 11)	138,747	-	138,747
Total	148,806	-	148,806

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.



HEXAWARE TECHNOLOGIES CANADA LIMITED
NOTES TO THE FINANCIAL STATEMENTS

21 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

Hexaware Technologies UK Limited., UK

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	Particulars	Nature of relationship	For year ended	For year ended
			December 31, 2018	December 31, 2017
1	Expenditure - Reimbursement of Costs	Fellow Subsidiary	136,445	94,579
2	Employee and other advances reimbursed to	Holding Company	100,440	14,330
3	Receiving of services	Holding Company	-	-
4	Income from Operations	Holding Company Fellow Subsidiary	22,767 3,995,201	- 2,265,618
5	Recovery of Cost / Advances from	Fellow Subsidiary Hexaware Technologies Inc	174,187	64,508

Sr No	Particulars	Nature of relationship	As at	
			December 31, 2018	December 31, 2017
1	Trade Receivable	Holding Company Fellow Subsidiary	22,767 1,887,016	- 1,459,220
2	Advances	Fellow Subsidiary Hexaware Technologies Inc	64,799	45,606
3	Trade Payable	Holding Company	36,710	-

22 Employee Benefits

The Company has recognised CAD 118,979 (Previous Year CAD 56,973) 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.

23 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 14,850 (December 31, 2017 - CAD 13,558)

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

Particulars	December 31, 2018	December 31, 2017
Not later than one year	1,165	1,165
Later than one year and not later than five years	-	-
Total	1,165	1,165

24 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)

25 Material events after Balance Sheet date

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

26 Approval of financial statements -

The financial statements were approved for issue by the Board of Directors on January 30, 2019

