K. S. Bhatia & Co.
Chartered Accountants

201, Balaji Darshan, Above Hotel Shabari, Tilak Road, Santacruz (W), Mumbai - 400 054. Tel.: 2649 3972 / 2649 2998

Independent Auditor's Report
TO THE MEMBERS OF HEXAWARE TECHNOLOGIES ROMANIA SRL

Report on the Audit of Special Purpose Ind AS Financial Statements

We have audited the special purpose Ind AS financial statements of Hexaware Technologies Romania SRL ('the Company'), which comprise the Balance Sheet as at 31 December 2019, and the Statement of Profit and Loss (including other comprehensive income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the special purpose Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Ind AS financial statements").

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 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 2019 and its loss (including other comprehensive income), its changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India (ICAI). Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Ind AS Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of Companies Act, 2013 ("the Act") and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibility for the Ind AS Financial Statements

The Company's management and board of directors are responsible for the preparation of these 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) notified by the Ministry of Corporate Affairs.

This responsibility also includes maintenance of adequate accounting records 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management and board of directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors is also responsible for overseeing the Company's financial reporting process.

K. S. Bhatia & Co. Mumbai FRN 104620W M. No. 046908 Chartered Accountants

Auditor's Responsibility for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

For K. S. Bhatia & Co.
Chartered Accountants
Firm's Registration No: 114520W

K.S. Bhatia & Co. Mumbai FRN:- 114520W M. No. 046908 Chartered Accountants

Kaushik S. Bhatia
Partner
Membership No. 046908
UDIN: 20046908AAAAAX8732

Mumbai, 31st January, 2020

HEXAWARE TECHNOLOGIES ROMANIA SRL
BALANCE SHEET

(RON)

	Note	As at December 31, 2019	As at December 31, 2018
Assets			
Non-current assets			
Property, plant and equipment	4	920,970	1,245,638
Financial Assets			
- Other financial assets	5A	-	567,338
Total non-current assets		920,970	1,812,976
Current assets			
Financial Assets			
- Cash and cash equivalents	6	119,475	116,578
- Other financial assets	5B	-	469,535
Total current assets		119,475	586,113
Total assets		**1,040,445**	**2,399,089**
Equity and liabilities			
Equity			
Equity Share capital	8	112,500	112,500
Other Equity		(6,785,616)	(5,082,411)
Total equity		(6,673,116)	(4,969,911)
Current liabilities			
Financial Liabilities			
- Trade payables		7,708,983	7,336,342
- Other financial liabilities	7	4,578	12,000
Provisions			
- Employee benefit obligations		-	20,658
Total current liabilities		7,713,561	7,369,000
Total liabilities		7,713,561	7,369,000
Total equity and liabilities		**1,040,445**	**2,399,089**

Notes 1 to 19 form an integral part of the condensed interim financial statements

As per our report of even date

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

Kaushik Bhatia
Partner
M. No. 046908

K. S. Bhatia & Co. Mumbai FRN:- 114520W M. No. 046908 Chartered Accountants

Place : Mumbai
Date :

For and on behalf of the Board

Amrinder Singh
Director

HEXAWARE TECHNOLOGIES ROMANIA SRL
STATEMENT OF PROFIT AND LOSS

(RON)

	Notes	For year ended December 31, 2019	December 31, 2018
INCOME			
Revenue from operations	9	269,238	-
EXPENSES			
Employee benefits expense	10	234,944	511,457
Operation and Other Expenses	11	1,253,132	1,331,410
Exchange Rate difference (net)		159,699	34,103
Depreciation and amortization expense		324,668	243,043
Total Expenses		**1,972,443**	**2,120,013**
Loss for the period		**(1,703,205)**	**(2,120,013)**
Basic Earnings per share (In RON)			
Basic and Diluted	12	(151.40)	(188.45)

Notes 1 to 19 form an integral part of the condensed interim financial statements

As per our report of even date

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

Kaushik Bhatia
Partner
M. No. 046908

K.S. Bhatia & Co. Mumbai FRN:- 114520W M. No. 046908 Chartered Accountants

Place : Mumbai
Date :

For and on behalf of the Board

Amrinder Singh
Director

HEXAWARE TECHNOLOGIES ROMANIA SRL
STATEMENT OF CHANGES IN EQUITY

A. Equity Share Capital

Amount in RON

As at January 1, 2019	Changes during the year	As at December 31, 2019
112,500	-	112,500

As at January 1, 2018	Changes during the year	As at December 31, 2018
112,500	-	112,500

B. Other Equity

	Reserves and Surplus Retained Earnings	Total
Balances as at January 1, 2019	(5,082,411)	(5,082,411)
Loss for the year	(1,703,205)	(1,703,205)
Other comprehensive income	-	-
Total comprehensive income for the year	**(1,703,205)**	**(1,703,205)**
As at December 31, 2019	**(6,785,616)**	**(6,785,616)**
Balances as at January 1, 2018	(2,683,899)	(2,683,899)
(Loss) for the year	(2,120,013)	(2,120,013)
Other comprehensive income	-	-
Total comprehensive loss for the year	**(2,120,013)**	**(2,120,013)**
As at December 31, 2018	(4,803,912)	(4,803,912)

Notes 1 to 19 form an integral part of the condensed interim financial statements

As per our report of even date

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

Kaushik Bhatia
Partner
M. No. 046908

K. S. Bhatia & Co. Mumbai FRN - 114520W M. No 046908 Chartered Accountants

Place : Mumbai
Date :

For and on behalf of the Board

Amrinder Singh
Director

HEXAWARE TECHNOLOGIES ROMANIA SRL
CASH FLOW STATEMENT

(RON)

	For year ended	
	December 31, 2019	December 31, 2018
Cash Flow from operating activities		
Net (loss) / profit before tax	(1,703,205)	(2,120,013)
Adjustments for:		
Depreciation and amortization expense	*324,668*	*243,043*
Exchange Rate Difference (net) - unrealised	(2,115)	(230)
Operating (Loss) / profit before working capital changes	**(1,380,652)**	**(1,877,200)**
Adjustments for:		
Trade and other receivables	1,036,873	(8,072)
Trade and other payables	*344,561*	*1,925,509*
Cash generated from operations	**782**	**40,237**
Direct Taxes Paid (net)	-	-
Net cash from operating activities	**782**	**40,237**
Cash flow from investing activities		
Purchase of property, plant & equipment	-	(40,237)
Net cash (used in) investing activities	-	**(40,237)**
Cash flow from financing activities	-	-
Net cash (used in) financing activities	-	-
Net Increase in cash and cash equivalents	**782**	-
Cash and cash equivalents at the beginning of the year	116,578	116,305
Add: Unrealised gain on foreign currency cash and cash equivalents	2,115	230
Cash and cash equivalents at the end of the period (Refer note. 6)	**119,475**	**116,535**

Notes 1 to 19 form an integral part of the condensed interim financial statements

As per our report of even date

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

Kaushik Bhatia
Partner
M. No. 046908

K. S. Bhatia & Co. Mumbai FRN:- 114520W M. No 046908 Chartered Accountants

Place : Mumbai
Date :

For and on behalf of the Board

Amrinder Singh
Director

HEXAWARE TECHNOLOGIES ROMANIA SRL
NOTES TO THE FINANCIAL STATEMENTS

1 Corporate Information

Hexaware Technologies Romania SRL, incorporated on 28th September 2016 under the laws of Romania, is a subsidiary of Hexaware Technologies UK Limited.These Financial Statement have been prepared & audited for purpose of consolidation with the holding company.

The Company is engaged in information technology consulting, software development and business process management. Hexaware provides multiple service offerings to its clients across various industries comprising travel, transportation, hospitality, logistics, banking, financial services, insurance, healthcare, manufacturing, consumer and services. The various service offerings comprise application development and management, enterprise package solutions, infrastructure management, business intelligence and analytics, business process, digital assurance and independent testing.

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.

These financial statements have been prepared in Indian EUR which is the functional currency of the Company

All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle. Based on the nature of services rendered to customers and time elapsed between deployment of resources and the realisation in cash and cash equivalents of the consideration for such services rendered, the Company has considered an operating cycle of 12 months.

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:

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2.3.1 Revenue recognition

The Group uses the percentage-of-completion method in accounting for its fixed-price contracts. Use of the percentage-of completion method requires the Group 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 reliably estimated.

The Company uses judgement to determine an appropriate standalone selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract. Where standalone selling price is not observable, the Company uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.

Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period.

Contract fulfilment costs are generally expensed as incurred except for certain costs which meet the criteria for capitalisation. The assessment of this criteria requires the application of judgement, in particular, when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

2.3.2 Others

Others areas involving estimates relates to provision for the doubtful debts, and useful lives of Property Plant & Equipment.

2.4 Revenue Recognition

Effective January 1, 2019, the company has applied IFRS 15 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. IFRS 15 replaces IAS 18Revenue and IAS 11 Construction Contracts. The company has adopted IFRS 15 using the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted and it continues to be reported under IFRS 15 and IFRS 15. Refer note 2.7 – Significant accounting policies – Revenue recognition in the Annual report of the Company for the year ended December 31, 2018, for revenue recognition policy as per IFRS 15 . The impact of adoption of the standard on the financial statements of the company is not material.

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the company expects to receive in exchange for those products or services.

In case of contract on time and material basis, transaction-based or volume-based contracts, 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 (Contract liability). Unbilled receivables (Contract assets) represents revenue recognized based on services performed in advance of billing in accordance with contract terms.

Revenues related to fixed-price maintenance, testing and business process services are recognized based on our right to invoice for services performed for contracts in which the invoicing is representative of the value being delivered. If our invoicing is not consistent with value delivered, revenues are recognized as the service is performed using the percentage of completion method.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.
Contracts are subject to modificatio to accoun for change i contract specificatio an requirements The compan review modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation, or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for

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 Functional and presentation currency

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.

Assets and liabilities of entities with functional currency other than presentation currency have been translated to the presentation currency using exchange rates prevailing on the balance sheet date. Items in the statement of profit or loss have been translated using average exchange rates. Translation adjustments have been reported as foreign currency translation reserve in Other comprehensive income.

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2.7 Borrowing Cost

Borrowing cost directly attributable to the acquisition or construction of qualifying assets is capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised in the profit or loss.

2.8 Employee Benefits

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

Payments to defined contribution retirement schemes viz. contribution to the Federal pension plans are expensed 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, statutory employee profit sharing and bonus payable.

2.9 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 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.

2.10 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
Improvement to Leased Premised	Over the lease perirod

Improvement to Leasehold Premises are amortised over the lease period or useful life of an asset whichever is lesser.

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.

2.11 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	3 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.

2.12 Impairment

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.

2.13 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.

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M. No. 046908
Chartered Accountants

2.14 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.

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 whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

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.

Financial liabilities

Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

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.

2.15 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 period. 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

Certain new standards, amendments to standards are not yet effective for annual periods beginning after Januaryl 1, 2019, and have not been applied in preparing financial statements. New standards, amendments to standards and interpretations that could have potential impact on the financial statements of the company are:

a) IFRS 16 – Leases

IFRS 16 replaces the existing leases Standard, IFRS 17 Leases, and related interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. The standard introduces a single lessee accounting model and requires a lessee to recognized assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The Standard also contains enhanced disclosure requirements for lessees. The effective date for adoption of IFRS 16 is annual periods beginning January 1, 2020.

b) IFRS 12 – Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

The amendment to Appendix C of IFRS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IFRS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability.

The amendments are effective from the annual periods beginning January 1, 2020. The company is currently assessing the impact of adopting the amendments on its financial statements.

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4 Property, Plant and Equipment (PPE)

PPE consist of the following:

Curr: RON

	Plant and Machinery	Furniture and Fixtures	Office Equipment	Electrical Fittings & Equipment	Total
COST					
At January 1, 2019	279,462	853,919	550,938	174,513	1,858,832
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
At September 30, 2019	279,462	853,919	550,938	174,513	1,858,832
ACCUMULATED DEPRECIATION					
At January 1, 2019	177,399	207,046	186,436	42,313	613,194
Charge for the year	93,145	106,740	102,969	21,814	324,668
Disposals	-	-	-	-	-
At September 30, 2019	270,544	313,786	289,405	64,127	937,862
NET CARRYING AMOUNT					
At September 30, 2019	8,918	540,133	261,533	110,386	920,970
COST					
At January 1, 2018	279,462	853,919	510,701	174,513	1,818,595
Additions	-	-	40,237	-	40,237
Disposals	-	-	-	-	-
At December 31, 2018	279,462	853,919	550,938	174,513	1,858,832
ACCUMULATED DEPRECIATION					
At January 1, 2018	84,254	100,306	83,467	20,499	288,526
Charge for the year	93,145	106,740	102,969	21,814	324,668
Disposals	-	-	-	-	-
At December 31, 2018	177,399	207,046	186,436	42,313	613,194
NET CARRYING AMOUNT					
At December 31, 2018	102,063	646,873	364,502	132,200	1,245,638

Note:

i) Plant and machinery includes computer systems

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5 Other financial assets (unsecured) (considered good)

A Non-current

Curr: RON

	December 31, 2019	December 31, 2018
Security deposits for premises and others	-	567,338
	-	567,338

B Current

	December 31, 2019	December 31, 2018
Other receivable from related parties	-	462,672
Employee advances	-	6,863
	-	469,535

6 Cash and cash equivalents

Curr: RON

	December 31, 2019	December 31, 2018
In current accounts with banks	119,475	116,578
	119,475	116,578

7 Other financial liabilities

Current

Curr: RON

	December 31, 2019	December 31, 2018
Accrued expenses	4,578	12,000
	4,578	12,000

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8 Equity Share Capital

8.1 Authorised capital

	December 31, 2019 Amount in RON	December 31, 2018 Amount in RON
11,250 Equity shares of RON 10/- each	112,500	112,500

8.2 Issued, subscribed and paid-up capital

	December 31, 2019 Amount in RON	December 31, 2018 Amount in RON
11250 EQUITY SHARES OF RON 10/- EACH FULLY PAID	112,500	112,500

8.3 Reconciliation of number of shares:

	December 31, 2019	December 31, 2018
Shares outstanding at the beginning of the year	11,250	11,250
Shares issued during the year	-	-
Shares outstanding at the end of the year	11,250	11,250

8.4 Rights, preferences and restrictions attached to equity shares

The Company has one class of equity shares having a par value of RON 10 each. Each shareholder is eligible for one vote per share held.

8.5 Details of shares held by shareholders holding more than 5% shares

Name of Shareholder	December 31, 2019 Nos. of Shares held	December 31, 2019 % of holding	December 31, 2018 Nos. of Shares held	December 31, 2018 % of holding
Hexaware Technologies UK Limited	10,125	90 %	10,125	90 %
Hexaware Technologies GmbH	1,125	10 %	1,125	10 %
	11,250	100 %	11,250	100 %

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9 Revenue from Operations

9.1 The disaggregrated revenue with the customers for the year ended 31 December 2019 by contract type:

	For Year ended	
	December 31, 2019	December 31, 2018
Time and Materials contracts		
Others	269,238	462,672
Total Revenue from operations	**269,238**	**462,672**
Onsite	269,238	462,672
Offshore	-	-
Total Revenue from operations	**269,238**	**462,672**

9.2 The revenue from contracts as per geography for the year ended 31 December 2019 is as under:

	For Year ended	
	December 31, 2019	December 31, 2018
Europe	-	-
Rest of the world	269,238	462,672
Total revenue from operations	**269,238**	**462,672**

9.3 **Reconciliation of revenue recognised with the contracted price is as follows:**

	For Year ended	
	December 31, 2019	December 31, 2018
Contracted price	269,238	462,672
Reductions towards variable consideration components (discounts, rebate et	-	
Revenue recognised	**269,238**	**462,672**

The Group has applied practical expedient and has not disclosed information about remaining performance obligations in contracts where the original contract duration is one year or less or where the entity has the right to consideration that corresponds directly with the value of entity's performance completed to date. The above revenue is subject to change in transaction price.

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10 Employee benefits expense

Curr: RON

	For year ended	
	December 31, 2019	December 31, 2018
Salary and allowances	216,210	430,211
Contribution to provident and other funds	9,030	70,683
Staff welfare expenses	9,704	10,563
	234,944	511,457

11 Operation and Other Expenses

Curr: RON

	For year ended	
	December 31, 2019	December 31, 2018
Rent	989,562	1,040,607
Travelling and conveyance	-	1,459
Electricity charges	42,649	63,193
Communication expenses	64,031	18,906
Repairs and maintenance	40,754	47,354
Printing and stationery	2,611	6,003
Legal and professional fees	113,525	109,357
Advertisement and business promotion	-	6,665
Staff recruitment expenses	-	36,735
Service charges	-	1,131
	1,253,132	1,331,410

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12 Earnings per share

The components of basic and diluted earnings per share (EPS) were as follows:

	For year ended December 31, 2019	For year ended December 31, 2018
Net loss after tax (In RON)	(1,703,205)	(2,120,013)
Weighted average outstanding equity shares considered for basic EPS (Nos.)	11,250	11,250
Basic and diluted earnings per share (In RON)	(151.40)	(188.45)

13 Related party disclosures

(a) Names 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 Holdings Limited, Mauritius

Hexaware Technologies Limited, India

Holding Company

Hexaware Technologies UK Limited, UK

Fellow Subsidiaries

Hexaware Technologies GmbH, Germany

Hexaware Technologies Inc., USA

Key Management Personnel

Mr Amrinder Singh

(b) Related Party Transactions:

Sr No	Particulars	Nature of relationship	For year ended December 31, 2019 RON	For year ended December 31, 2018 RON
1	**Expenditure:**			
	Reimbursement of Costs	Holding Company	1,328,236	2,550,791
2	**Receiving of services**	Fellow Subsidiary		
		Hexaware Technologies Inc., USA	272,938	462,672

(c) Outstanding Balances:

Sr No	Particulars	Nature of relationship	As at December 31, 2019 RON	As at 31st December 2018 RON
1	**Sundry Creditors**	Holding Company	7,708,982	7,319,090
2	**Advances**	Fellow Subsidiary Hexaware Technologies Inc., USA	-	462,672

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14 Financial Instruments

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

Curr: RON

December 31, 2019	Amortised Cost	Fair value through other comprehensive income	Fair value through Profit & Loss	Total carrying / fair value
Cash and cash equivalents	119,475	-	-	119,475
Other financial assets	-	-	-	-
	119,475			119,475
Trade payables	7,708,983	-	-	7,708,983
Other financials liabilities	4,578	-	-	4,578
	7,713,561	-	-	7,713,561

Curr: RON

December 31, 2018	Amortised Cost	Fair value through other comprehensive income	Fair value through Profit & Loss	Total carrying / fair value
Cash and cash equivalents	116,578	-	-	116,578
Other financial assets	1,036,873	-	-	1,036,873
	1,153,451	-	-	1,153,451
Trade payables	7,336,342	-	-	7,336,342
Other financials liabilities	12,000	-	-	12,000
	7,348,342	-	-	7,348,342

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14 Financial Instruments (Cont'd)

14.2 Financial risk management

The Company has identified the risks under verticals like 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.

(i) Foreign Currency fluctuations Risk

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

Curr: RON

The following table analyses foreign currency risk from financial instruments as at December 31, 2019:

	EUR	Others*
Net financial assets	119,475	-
Net financial liabilities	7,708,982	-
Net assets/(liabilities)	(7,589,507)	-

Curr: RON

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

	EUR	Others*
Net financial assets	116,578	-
Net financial liabilities	7,319,090	-
Net assets/(liabilities)	(7,202,512)	-

10% depreciation /(appreciation) of the respective foreign currencies with respect to functional currency of the Company would result in the increase/ (decrease) in Company's loss approximately by RON 758,951 and RON 720,251 for the year ended December 31, 2019 and December 31, 2018 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.

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14 Financial Instruments (Cont'd)

(ii) Liquidity risk

The Company needs continuous access to funds to meet short and long term strategic investment requirements. The Companys 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, 2019, the Company had total cash / bank balance and investments of RON 119,475 which constitutes approximately 11% of total assets. The Company does not have any debt and thus manages its liquidity requirements through funds generated from operations.

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

Curr: RON

As at December 31, 2019	Less than 1 year	1-2 years	Total
Trade payables	389,893	7,319,090	7,708,983
Others (Refer note 7)	4,578	-	4,578
Total	394,471	7,319,090	7,713,561

Curr: RON

As at December 31, 2018	Less than 1 year	1-2 years	Total
Trade payables	2,568,043	4,768,299	7,336,342
Others (Refer note 7)	12,000	-	12,000
Total	2,580,043	4,768,299	7,348,342

(iii) Interest rate risk

The Company does not have any debt. Hence, the Company is not significantly exposed to interest rate risk.

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15 The Company recognized RON NIL (Previous Year NIL) for Social security and pension contributions in profit and loss account. The contributions payable to these plans by the company are at rates specified in the rules of the schemes

16 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 RON 98,942 (December 31, 2017 RON 1395,584)

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

Curr: RON

Particulars	December 31, 2019	December 31, 2018
Not later than one year	-	1,402,053
Later than one year and not later than five years	-	3,037,781
Total	-	**4,439,834**

17 There is only one reportable business segment viz software consultancy, the results of which are disclosed in the financial statements.

18 **Material events after Balance Sheet date**

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

19 **Approval of the financial statements**

The financial statements were approved for issue by the Board of Directors on 31st January 2019

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