

## INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF HEXAWARE TECHNOLOGIES CANADA LIMITED

### Report on the Financial Statements

We have audited the accompanying financial statements of **HEXAWARE TECHNOLOGIES CANADA LIMITED** ("the Company"), which comprise the Balance Sheet as at December 31, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India.

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 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the Standards on Auditing issued by 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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 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 financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at December 31, 2016 and its profit and its cash flows for the year ended on that date.

### **Other Matter**

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 of the Companies Act, 2013 and should not be used for any other purposes.

### **Report on Other Requirements**

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account have been kept by the Company so far as it appears from our examination of those books
- c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)



**Abhijit A. Damle**  
Partner  
(Membership No. 102912)

MUMBAI, February 6, 2017

HEXAWARE TECHNOLOGIES CANADA LIMITED  
BALANCE SHEET AS AT 31ST DECEMBER 2016

Particulars	Note No.	As at		As at	
		31st December, 2016		31st December, 2015	
		CAD	CAD	CAD	CAD
<b>I. EQUITY AND LIABILITIES</b>					
Share Holders' Funds :					
a) Share Capital	"3"	23,385		23,385	
b) Reserves and Surplus	"4"	1,477,884		1,350,361	
			1,501,269		1,373,746
Current Liabilities :					
a) Trade Payables		25,131		123,514	
b) Other Current Liabilities	"5"	135,189		146,278	
c) Short Term Provisions	"6"	72,890		100,582	
			233,210		370,374
<b>Total</b>			<b>1,734,479</b>		<b>1,744,120</b>
<b>II. ASSETS</b>					
Non-Current Assets					
a) Fixed Assets :					
i) Tangible Assets			-		-
ii) Intangible Assets	"7"		-		123
Current Assets					
a) Trade Receivables	"8"	1,524,850		1,524,769	
b) Cash and Cash Equivalents	"9"	156,448		183,591	
c) Short Term Loans and Advances	"10"	53,181		35,637	
			1,734,479		1,743,997
<b>Total</b>			<b>1,734,479</b>		<b>1,744,120</b>

III. NOTES FORMING PART OF FINANCIAL STATEMENTS "1 to 19"

In terms of our report attached

For Deloitte Haskins & Sells LLP  
Chartered Accountants



Abhijit A. Damle  
Partner

Place : Mumbai  
Date : 6th February 2017



For and on behalf of the Board

  
R. Srikrishna  
Director

**HEXAWARE TECHNOLOGIES CANADA LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST DECEMBER 2016**

Particulars	Note No.	For the year ended 31st December, 2016		For the year ended 31st December, 2015	
		CAD	CAD	CAD	CAD
<b>I. INCOME</b>					
a) Revenue from Operations		2,164,313		2,540,591	
			2,164,313		2,540,591
<b>II. EXPENSES</b>					
a) Software and Development Expenses	"11"	35,045		259,177	
b) Employee Benefits Expenses	"12"	1,882,356		2,004,820	
c) Operation and Other Expenses	"13"	72,796		64,474	
d) Depreciation and Amortization Expenses	"7"	123		295	
			1,990,320		2,328,766
Profit Before Tax			173,993		211,825
Less : Tax Expense - Current Tax			46,470		56,200
Profit for the year			127,523		155,625
Earnings Per Share Basic and Diluted	"16"		127,523		155,625
<b>III. NOTES FORMING PART OF FINANCIAL STATEMENTS</b>					
			"1 to 19"		

In terms of our report attached

For Deloitte Haskins & Sells LLP  
Chartered Accountants

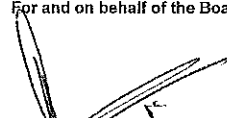


Abhijit A. Damle  
Partner

Place: Mumbai  
Date: 6<sup>th</sup> February, 2017



For and on behalf of the Board



R. Sri Krishna  
Director

HEXAWARE TECHNOLOGIES CANADA LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2016

Particulars	For the year ended 31st December, 2016	For the year ended 31st December, 2015
	CAD	CAD
<b>A Cash Flow from operating activities</b>		
Net profit before tax	173,993	211,825
Adjustments for:		
Depreciation and Amortisation	123	295
<b>Operating profit before working capital changes</b>	<b>174,116</b>	<b>212,120</b>
Adjustments for:		
Trade and other receivables	(7,025)	(590)
Trade and other payables / provisions	(135,362)	(47,085)
<b>Net Cash Generated from Operations</b>	<b>31,729</b>	<b>164,445</b>
Direct Taxes Paid	(58,872)	(59,198)
<b>Net Cash (used in) / from Operating Activities</b>	<b>(27,143)</b>	<b>105,247</b>
<b>B Cash flow from investing activities</b>		
Purchase of fixed assets	-	(227)
<b>Net cash used in investing activities</b>	<b>-</b>	<b>(227)</b>
<b>Net (decrease)/Increase in cash and cash equivalents</b>	<b>(27,143)</b>	<b>105,020</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>183,591</b>	<b>78,571</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>156,448</b>	<b>183,591</b>

In terms of our report attached

**For Deloitte Haskins & Sells LLP**

Chartered Accountants



**Abhijit A. Damle**

Partner



**For and on behalf of the Board**



**R. Srikanthna**

Director

Place: Mumbai

Date : 6th February 2017

# Hexaware Technologies Canada Limited

## Notes forming part of financial statements

### NOTE "1": - Company Overview

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 accounts have been prepared and audited for the purpose of consolidation with the Holding Company and for the purpose of compliance with section 129 of the Companies Act, 2013.

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

### NOTE "2" – Significant accounting policies

#### 2.1. Basis of preparation

These financial statements are prepared in accordance with generally accepted accounting principles applicable in India under the historical cost convention and are, in the same format as that adopted by the Holding Company for its separate financial statements.

#### 2.2. Use of Estimates

The preparation of the financial statements, in conformity with the generally accepted accounting principles, requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities and disclosures relating to contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognised in the period in which the results are known/materialise. Example of such estimates include provision for doubtful debts, employee benefits, provision for income taxes, accounting for contract costs expected to be incurred to complete software development, the useful lives of depreciable fixed assets and provisions for impairment.



# Hexaware Technologies Canada Limited

## Notes forming part of financial statements

### 2.3. Revenue Recognition

Revenues from software solutions and consulting services are recognised on specified terms of contract. In case of contract on time and material basis revenue is recognised when the related services are performed and in case of fixed price contracts revenue is recognised using the percentage of completion method of accounting. The cumulative impact of any revision in estimates of 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 included in other current assets, represents amount recognised based on services performed in advance of billing in accordance with contract terms. Revenue is reported net of discount / incentive.

### 2.4. Fixed Assets

Fixed assets are stated at cost of acquisition less accumulated depreciation / amortisation and impairment loss if any. Cost includes all expenses incurred for acquisition of assets to being these to working conditions for intended use.

### 2.5. Depreciation and Amortisation

Depreciation and amortisation on Fixed Assets (computer systems and software) is provided on straight-line method on pro rata basis, based on estimated useful lives of the assets, of three years as determined by the management.

### 2.6. Foreign Currency Transactions

Transactions in foreign currency are recorded at the original rate of exchange in force at the time transactions are effected. Exchange differences arising on settlement of foreign currency transactions are recognized in the Statement of Profit and Loss.

Monetary items denominated in foreign currency are restated using the exchange rate prevailing at the date of the Balance Sheet and the resulting net exchange difference is recognized in the Statement of Profit and Loss.

### 2.7. Employee Benefits

#### a) Post employment benefits and other long term benefit plans:

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.

#### b) Short term employee benefits:

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.



# Hexaware Technologies Canada Limited

## Notes forming part of financial statements

### 2.8. Borrowing Costs

Borrowing costs attributable to the acquisition or construction of qualifying assets are 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 charged to revenue.

### 2.9. 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.

### 2.10. Taxes on Income

Income Taxes are accounted for in accordance with Accounting Standard 22 on "Accounting for Taxes on Income", (AS 22). Tax expense comprises of current tax and deferred tax. Current tax is measured at the amount expected to be paid or recovered from the tax authorities using the applicable tax rates. Deferred taxes are recognised for future tax consequence attributable to timing difference between taxable income and accounting income that are measured at relevant enacted / substantively enacted tax rates.

In the event of unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available to realise such assets. In other situations, deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available to realise these assets.

Advance taxes and provisions for current income taxes 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.

### 2.11. Impairment of assets

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and 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, Contingent Liabilities and Contingent assets

Provisions involving substantial degree of estimation in measurement are recognised when as a result of past events there is a present obligation that can be estimated reliably and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised, but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.





# Hexaware Technologies Canada Limited

## Notes forming part of financial statements

Particulars	As at		As at	
	31st December, 2016		31st December, 2015	
	CAD	CAD	CAD	CAD
<b>NOTE "3" - SHARE CAPITAL</b>				
a. Authorised				
UNLIMITED SHARE CAPITAL CONSISTING OF 9 CLASSES OF SHARES (SERIES A)		-		-
Total		-		-
b. Issued, Subscribed and Paid-up Capital				
1 (1) SHARE IN COMMON STOCK OF NO PAR VALUE OF CLASS "A" SHARES		23,385		23,385
Total		23,385		23,385
c. All shares are held by Hexaware Technologies Limited, the holding company, since incorporation of the company.				
d. Rights, preferences and restrictions attached to common stock				
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.				

Particulars	As at		As at	
	31st December, 2016		31st December, 2015	
	CAD	CAD	CAD	CAD
<b>NOTE "4" - RESERVES AND SURPLUS</b>				
Balance in Statement of Profit and Loss				
Opening Balance	1,350,361		1,194,736	
Add : Profit for the year	127,523		155,625	
Closing Balance		1,477,884		1,350,361
Total		1,477,884		1,350,361
<b>NOTE "5" - OTHER CURRENT LIABILITIES</b>				
Other Payables				
- Employee Related	86,216		92,119	
- Statutory Liabilities	35,986		45,643	
- For Expenses	12,987		8,516	
Total		135,189		146,278
<b>NOTE "6" - SHORT TERM PROVISIONS</b>				
Provision for Employee Benefits				
- Provision for Compensated Absences	72,890		98,780	
- Provision for Taxation (net of advance tax)	-		1,802	
Total		72,890		100,582



# Hexaware Technologies Canada Limited

## Notes forming part of financial statements

NOTE "7" - FIXED ASSETS

(Amount in CAD)

Description of the Asset	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
	AS AT 01.01.2016	ADDITIONS	DEDUCTIONS/ ADJUSTMENTS	AS AT 31.12.2016	AS AT 01.01.2016	FOR THE YEAR	DEDUCTIONS/ ADJUSTMENTS	AS AT 31.12.2016	AS AT 31.12.2016	AS AT 31.12.2016
TANGIBLE ASSETS:										
PLANT AND MACHINERY (COMPUTER SYSTEMS)	3,547			3,547	3,547	-	-	3,547	-	-
Sub-Total	3,547	-	-	3,547	3,547	-	-	3,547	-	-
Previous Year	4,181	-	634	3,547	4,181	-	634	3,547	-	-
INTANGIBLE ASSETS:										
SOFTWARE	657	-	-	657	534	123	-	657	-	123
Sub-Total	657	-	-	657	534	123	-	657	-	123
Previous Year	430	227	-	657	239	295	-	534	123	-
TOTAL	4,204	-	-	4,204	4,081	123	-	4,204	-	123
PREVIOUS YEAR TOTAL	4,611	227	634	4,204	4,420	295	634	4,081	123	-

Particulars	As at 31st December, 2016		As at 31st December, 2015	
	CAD	CAD	CAD	CAD
<b>NOTE "8" - TRADE RECEIVABLES (UNSECURED) (CONSIDERED GOOD)</b>				
a) Over Six months from the due date of payment		175,692		-
b) Others		1,349,158		1,524,769
<b>Total</b>		<b>1,524,850</b>		<b>1,524,769</b>
<b>NOTE "9" - CASH AND CASH EQUIVALENTS</b>				
Balances with Banks in Current Accounts		156,448		183,591
<b>Total</b>		<b>156,448</b>		<b>183,591</b>
<b>NOTE "10" - SHORT TERM LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD)</b>				
Advances to related parties (Refer note 14)		36,379		27,331
Others		6,202		8,308
Advance Income Tax (net of provision for tax)		10,600		-
<b>Total</b>		<b>53,181</b>		<b>35,637</b>



# Hexaware Technologies Canada Limited

## Notes forming part of financial statements

Particulars	For the year ended 31st December, 2016		For the year ended 31st December, 2015	
	CAD	CAD	CAD	CAD
<b>NOTE "11" - SOFTWARE AND DEVELOPMENT EXPENSES</b>				
Software Expenses (Subcontracting Charges)		35,045		259,177
Total		<u>35,045</u>		<u>259,177</u>
<b>NOTE "12" - EMPLOYEE BENEFITS EXPENSES</b>				
Salary and Other Allowances		1,671,866		1,790,366
Contribution to Other Funds		210,490		214,454
Total		<u>1,882,356</u>		<u>2,004,820</u>
<b>NOTE "13" - OPERATION AND OTHER EXPENSES</b>				
Travelling and Conveyance Expenses		49,800		42,006
Auditors Remuneration - Audit Fees		4,676		5,618
Legal and Professional Fees		9,197		11,680
Bank Charges		2,701		2,619
Service charges		-		53
Miscellaneous Expenses		6,422		2,498
Total		<u>72,796</u>		<u>64,474</u>



# Hexaware Technologies Canada Limited

## Notes forming part of financial statements

### NOTE "14" - Related parties Disclosures:

#### 1. Name of Related Parties and description of relationship:

##### Ultimate Holding Company and its 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 - Hexaware Technologies Limited, India (control exists)

Fellow Subsidiaries - Hexaware Technologies, Inc., USA

Key Management Personnel - Mr. R. Srikrishna, Chief Executive Officer of Holding Company

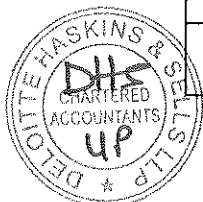
#### 2. Related Party Transactions:

Transactions during the year

Sr No	Particulars	Nature of relationship	For the year ended	For the year ended
			31st December, 2016	31st December, 2015
			CAD	CAD
1	Expenditure - Reimbursement of Costs	Holding Company	567	8,965
			86,907	180,944
2	Employee and other advances reimbursed to	Holding Company	41,792	34,581
3	Receiving of services	Holding Company	35,045	259,177
4	Income from Operations	Fellow Subsidiary	2,125,375	2,141,853
5	Recovery of Cost / Advances from	Fellow Subsidiary	46,539	48,041

Related party closing balances

	Particulars	Nature of relationship	As at	
			31st December, 2016	31st December, 2015
			CAD	CAD
1	Trade Receivable	Fellow Subsidiary	1,524,850	1,503,016
2	Short Term Loans and Advances	Fellow Subsidiary	36,379	27,331
3	Trade Payable	Holding Company	19,642	122,517



# Hexaware Technologies Canada Limited

## Notes forming part of financial statements

### NOTE "15" - Employee Benefits:

The Company has recognized CAD 60,252 (Previous Year CAD 62,814) for pension fund contributions 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.

### NOTE "16" - Earnings Per Share (EPS):

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.

### NOTE "17" - Segments:

As per the definition of 'business segments' and 'geographical segments', contained in Accounting Standard 17 (AS 17) "Segment Reporting", management is of the opinion that there is one reportable business segment viz software consultancy and one reportable geographical segment viz Canada, the results of which are disclosed in the financial statements.

**NOTE "18"** - The information disclosed in these financial statements for the years ended 31st December 2016 and 2015 is extracted from books of account locally maintained.

**NOTE "19"** - Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.



For and On Behalf of the Board

  
R. Srikrishna  
Director

Place: Mumbai  
Date : 06<sup>th</sup> February 2017