



K. S. Bhatia & Co.

CHARTERED ACCOUNTANTS

Independent Auditor's Report

To the Board of Directors of Hexaware Technologies Romania SRL

Report on the Financial Statements

1. We have audited the accompanying financial statements of Hexaware Technologies Romania SRL ("the Company"), which comprise the Balance Sheet as at 31st December 2016, the Statement of Profit and Loss and Cash Flow Statement for the period then ended, and a summary of significant accounting policies and other explanatory information.

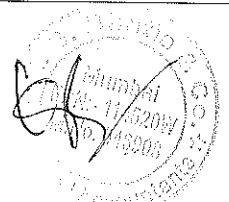
Management's Responsibility for the Financial Statements

2. The Company's Board of Directors are 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 generally accepted accounting principles 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.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We conducted our audit in accordance with the Standards on Auditing issued by ICAI. 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.
5. 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 controls relevant to

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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 Management, as well as evaluating the overall presentation of the financial statements.

6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

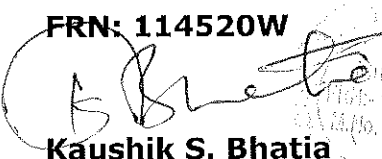
Opinion

7. 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 31st December 2016, and its loss and its cash flows for the period ended on that date.

Other matter

8. This report is intended solely for the information of the Company's and its holding company's board of directors and members as a body and is not intended to be and should not be used by anyone other than specified parties. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, the company's and holding company's board of directors and members as a body, for our audit work, for this report, or for the opinions we have formed.

For K. S. Bhatia & Co.
Chartered Accountants
FRN: 114520W


Kaushik S. Bhatia
Partner
M. No. 046908
Mumbai,



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HEXAWARE TECHNOLOGIES ROMANIA SRL

BALANCE SHEET AS AT 31ST DECEMBER 2016

PARTICULARS	Note	AS AT	
		31ST DECEMBER 2016 RON	RON
EQUITY AND LIABILITIES			
SHARE HOLDERS' FUNDS :			
a SHARE CAPITAL	"2"	112,500	
b RESERVES AND SURPLUS	"3"	<u>(131,544)</u>	(19,044)
CURRENT LIABILITIES:			
a TRADE PAYABLES		1,999,981	
b OTHER CURRENT LIABILITIES	"4"	<u>279,039</u>	2,279,020
TOTAL			<u><u>2,259,976</u></u>

ASSETS

NON CURRENT ASSETS			
a FIXED ASSETS			
CAPITAL WORK IN PROGRESS			1,199,255
b LONG TERM LOANS AND ADVANCES	"5"		567,338
CURRENT ASSETS			
a CASH AND CASH EQUIVALENTS	"6"	113,468	
b SHORT TERM LOANS AND ADVANCES	"7"	<u>379,915</u>	493,383
TOTAL			<u><u>2,259,976</u></u>

NOTES FORMING PART OF FINANCIAL STATEMENTS "1 to 12"

IN TERMS OF OUR ATTACHED REPORT OF EVEN DATE .

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



Kaushik Bhatia
Partner
Membership No: 046908
Place : Mumbai
Date : 25th January 2017.



For and on Behalf of the Board



Director



HEXAWARE TECHNOLOGIES ROMANIA SRL

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD 28TH SEPTEMBER 2016 TO 31ST DECEMBER 2016

PARTICULARS	NOTE	FOR THE PERIOD 28TH SEPTEMBER 2016 TO 31ST DECEMBER 2016	
		RON	RON
INCOME			
REVENUE FROM OPERATIONS			
EXPENSES			
OPERATION AND OTHER EXPENSES	"8"	132,378	
EXCHANGE RATE DIFFERENCE (NET)		(834)	
(Loss) for the Period			(131,544)
EARNINGS PER SHARE (Refer Note no. 10)			
- Basic and Diluted			(11.69)
Face Value of Common stock			10.00
NOTES FORMING PART OF FINANCIAL STATEMENTS	"1 to 12"		

IN TERMS OF OUR ATTACHED REPORT OF EVEN DATE .

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



 Kaushik Bhatia
 Partner
 Membership No: 046908

For and on Behalf of the Board



Director

Place : Mumbai
Date : 25th January 2017.


HEXAWARE TECHNOLOGIES ROMANIA SRL**CASH FLOW STATEMENT FOR THE PERIOD 28TH SEPTEMBER 2016 TO 31ST DECEMBER 2016**

	Particulars	FOR THE PERIOD 28TH SEPTEMBER 2016 TO 31ST DECEMBER 2016
		RON
A	Cash Flow from operating activities	
	Net (Loss) before tax	(131,544)
	Operating (Loss) before working capital changes	(131,544)
	Adjustments for:	
	Trade and other receivables	(947,253)
	Trade and other payables	2,279,020
	Cash generated from operations	1,200,223
B	Cash flow from investing activities	
	Purchase of fixed assets	(1,199,255)
	Net cash (used in) investing activities	(1,199,255)
C	Cash flow from financing activities	
	Proceeds from issue of share capital	112,500
	Net cash from financing activities	112,500
	Net Increase in cash and cash equivalents	113,468
	Cash and cash equivalents at the beginning of the period	-
	Cash and cash equivalents at the end of the period (Refer Note. 6)	113,468

HEXAWARE TECHNOLOGIES ROMANIA SRL

In terms of our attached Report of even date

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


Kaushik Bhatia
Partner

Membership No: 046908
Place : Mumbai
Date : 25th January 2017.



For and on Behalf of the Board



Director

Hexaware Technologies Romania SRL

NOTES FORMING PART OF FINANCIAL STATEMENTS

NOTE "1"

A Company Overview

Hexaware Technologies Romania SRL, incorporated on 28th September 2016 under the laws of Romania, is a subsidiary of Hexaware Technologies UK Limited. These financial statements have been prepared and audited for the 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.

B Significant Accounting Policies

1 Basis of Preparation

(i) These financial statements are prepared in accordance with generally accepted accounting principles applicable in India under the historical cost convention, and to the extent possible are, in same format as that adopted by the holding company for its separate financials.

(ii) The local accounts are maintained in local and functional currency, which is Romanian Lei (RON).

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 / materialised. 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.

3 Revenue Recognition

a) 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 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 advances 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.

b) Interest Income is recognised on time proportion basis.



4 Fixed Assets

Fixed assets, are stated at cost of acquisition less accumulated depreciation, amortisation and impairment, if any. Cost includes all expenses incurred for acquisition of assets.

Intangible assets are recorded at cost of acquisition and are carried at cost less accumulated amortization and accumulated impairment loss, if any.

5 Depreciation and amortization

Depreciation and amortization on Fixed Assets is provided on straight-line method based on the estimated useful lives of the assets determined as under

Asset Class	Estimated useful Life
Computers Systems (included in Plant & Machinery)	3 years
Software	3 years
Office Equipments	5 years
Furniture and Fixtures	8 years

6 Foreign Currency Transactions / Translation

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 recognised 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 recognised in the Statement of Profit and Loss.

7 Employee Benefits

a. Post employment benefits and other long term benefit plans

Payments to defined contribution retirement schemes viz. contribution to the Federal pension plans are expensed as incurred..

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 bonus payable.

8 Borrowing Cost

Borrowing cost 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 charged to revenue.



9 Leases

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.

10 Taxes on Income

Income Taxes are accounted for in accordance with Accounting Standard (AS 22) on "Accounting for Taxes on Income". Tax expense comprises both 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, measured at relevant 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 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.

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.

12 Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events 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.



PARTICULARS	AS AT	
	31ST DECEMBER 2016	RON

NOTE "2" - SHARE CAPITAL

a	AUTHORISED		
	11250 EQUITY SHARES OF RON 10/- EACH		112,500
			<u>112,500</u>
b	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		
	11250 EQUITY SHARES OF RON 10/- EACH FULLY PAID		112,500
			<u>112,500</u>
	TOTAL		<u>112,500</u>

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

Name of Shareholder	Nos. of Shares held	% of holding
Hexaware Technologies UK Limited	101,250	90
Hexaware Technologies GmbH	11,250	10

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

NOTE "3" - RESERVES AND SURPLUS

Balance in Statement of Profit and Loss

OPENING BALANCE	-	
ADD: (LOSS) FOR THE PERIOD	(131,544)	
CLOSING BALANCE		<u>(131,544)</u>
TOTAL		<u>(131,544)</u>

NOTE "4" - OTHER CURRENT LIABILITIES

OTHER PAYABLES		
a) CAPITAL CREDITORS	276,039	
b) FOR EXPENSES	<u>3,000</u>	
TOTAL		<u>279,039</u>



NOTES TO BALANCE SHEET

PARTICULARS	AS AT	
	31ST DECEMBER 2016	
	RON	RON

NOTE "5" - LONG TERM LOANS AND ADVANCES

UNSECURED, CONSIDERED GOOD
SECURITY DEPOSITS

567,338

567,338

TOTAL

567,338

NOTE "6" - CASH AND CASH EQUIVALENTS

BALANCES WITH BANKS
IN CURRENT ACCOUNTS

113,468

113,468

TOTAL

113,468

NOTE "7" - SHORT TERM LOANS AND ADVANCES

UNSECURED, CONSIDERED GOOD
OTHER LOANS AND ADVANCES

379,915

379,915

TOTAL

379,915

PARTICULARS	FOR THE PERIOD 28TH SEPTEMBER	
	2016 TO 31ST DECEMBER 2016	
	RON	

NOTE "8" - OPERATIONS AND OTHER EXPENSES

RENT
ELECTRICITY CHARGES

123,056

9,322

TOTAL

132,378



NOTE "9" Related Parties Disclosures**(a) Name of Related parties and description of relationship:**

Ultimate Holding company and its subsidiaries

- Baring Private Equity Asia GP V. LP , Cayman Island
- 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, India
- Hexaware Technologies Limited, India

Holding Company – Hexaware Technologies UK Limited, UK

Fellow Subsidiaries – Hexaware Technologies GmbH, Germany

Key Management Personnel – Mr. Amrinder Singh

(b) Related Party Transactions:

Sr. No.	Description and Nature of Transaction	Holding Company RON	Fellow Subsidiaries RON	Total RON
1	Share Capital			
	Issue of Shares	101,250	11250	112,500
2	Reimbursement of Costs	1,730,538	-	1,730,538

(c) Outstanding Balances:

Sr. No.	Description and Nature of Transaction	Holding Company RON	Fellow Subsidiaries RON	Total RON
1	Trade Payable.			
	Balance as at 31st December 2016	1,730,538	-	1,730,538

NOTE "10" Earnings Per Share (EPS)

The components of earnings per share are as follows:

Earnings per share is calculated as follows	FOR THE PERIOD 28 TH SEPTEMBER 2016 TO 31 ST DECEMBER 2016
	RON
(Loss) as per Profit and Loss Account	(1,31,544)
Weighted average outstanding common stock (Nos.)	11,250
Basic and diluted earnings per share	(11.69)



NOTE "11" Lease

Operating Lease:

The Company takes on lease office space, under operating leases ranging from one month to five years. The lease rentals towards non-cancellable agreement recognized in the Profit and loss account for the period 28th September 2016 to 31st December 2016 is RON 123,056.

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

	AS AT 31 ST DECEMBER 2016
	RON
Not later than one year	1,146,585
Later than one year but not later than five years	4,156,370
Later than five years	-
Total	5,302,955

Note "12" Expenditure & Earnings in foreign currency :

All transactions reflected in these financial statements are in foreign currency i.e other than Indian Rupees.


NOTE "13" Unhedged foreign currency exposure:

As of the balance sheet date the Company has the net payable foreign currency exposure that are not hedged by derivative instrument or otherwise amounting to RON 1,730,538

For and on Behalf of the Board



Director

S. S. Bhatia & Co.
Chartered Accountants

Principal/Authorised Signatory
M.No. 046808 (Prn
114522W)
Place: Mumbai
Date: 25th January 2017
