



**K. S. Bhatia & Co.**

**CHARTERED ACCOUNTANTS**

**Independent Auditor's Report**

**To the Board of Directors of Hexaware Technologies Limited Liability Company**

**Report on the Financial Statements**

1. We have audited the accompanying financial statements of Hexaware Technologies Limited Liability Company ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> December 2016, the Statement of Profit and Loss and Cash Flow Statement for the year 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.

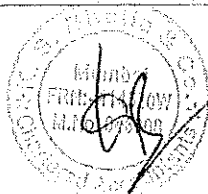
**Auditor's Responsibility**

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

OFFICE ADDRESS : 201, Balaji Darshan, Above Hotel Shabari, Tilak Road, Santacruz (W), Mumbai-400054  
Tel.: 2649 3972/ 2649 2998, Mobile : 9322225270





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**CHARTERED ACCOUNTANTS**

those risk assessments, the auditor considers internal financial controls 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 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 31<sup>st</sup> December 2016, and its loss and its cash flows for the year 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**

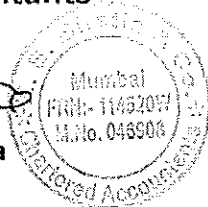
FRN: 114520W

  
**Kaushik S. Bhatia**

**Partner**

M. No. 046908

Mumbai, 20<sup>th</sup> January 2017



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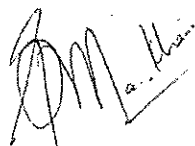
**Hexaware Technologies Limited Liability Company**  
**Balance Sheet as at 31st December 2016**

Currency : RUB

Particulars	Note No.	As at 31st December 2016	As at 31st December 2015
<b>I. EQUITY AND LIABILITIES</b>			
Charter Share Capital	3	157,226,724	80,305,876
Reserve and Surplus	4	(50,171,192)	(5,675,062)
		107,055,532	74,630,814
<b>NON CURRENT LIABILITIES</b>			
Other Long term Liabilities	5	24,504,000	26,544,000
		24,504,000	26,544,000
<b>CURRENT LIABILITIES</b>			
Other Current Liabilities	6	9,650,592	52,797,083
		9,650,592	52,797,083
<b>Total</b>		<b>141,210,124</b>	<b>153,971,897</b>
<b>II. ASSETS</b>			
<b>Non-Current Assets</b>			
<b>Fixed Assets</b>			
Tangible Assets	7	13,571,807	6,346,483
Intangible Assets		97,636,225	126,125,136
		111,208,032	132,471,619
Long Term Loans & Advances	8	-	1,044,877
			1,044,877
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	9	20,992,528	19,083,759
Short Term Loans & Advances	10	5,336,366	451,642
Other Current Assets	11	3,673,198	920,000
		30,002,092	20,455,401
<b>Total</b>		<b>141,210,124</b>	<b>153,971,897</b>

III. Notes forming part of Financial Statements - 1 to 17

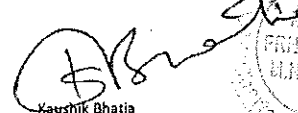
Hexaware Technologies Limited Liability Company

  
Shyam J Mansukhani  
Authorised Signatory

Place : Mumbai  
Date : 20th January 2017

As per our report of even date

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

  
Kavshik Bhatia  
Partner  
M. No. 046908

Place : Mumbai  
Date : 20th January 2017



**Hexaware Technologies Limited Liability Company**  
**Profit and Loss account for the year ended 31st December 2016**

Currency : RUB

Particulars	Note No.	For the year ended 31st December 2016	For the period ended 31st December 2015
Income from Operations		49,552,848	920,000
		49,552,848	920,000
<b>H. EXPENSES</b>			
Employee Benefits Expenses	12	44,411,157	856,592
Operation and Other Expenses	13	7,525,531	3,266,474
Exchange (Gain)/Loss		8,624,757	-
Depreciation & Amortisation Expenses	7	33,487,533	2,471,996
		94,048,978	6,595,062
Loss for the Year/(Period)		<u>(44,496,130)</u>	<u>(5,675,062)</u>

III. Notes forming part of Financial Statements - 1 to 17

Hexaware Technologies Limited Liability Company

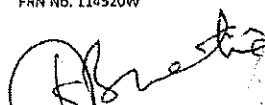


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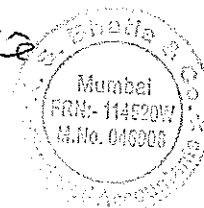
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For K. S. Bhatia & Co  
Chartered Accountants  
FRN No. 114520W



Kaushik Bhatia  
Partner  
M. No. 046908

Place : Mumbai  
Date : 20th January 2017



**Hexaware Technologies Limited Liability Company**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2016**

Currency : RUB

Particulars	For the Year ended 31st December 2016	For the period ended 31st December 2015
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Loss Before Tax	(44,496,130)	(5,675,062)
<u>Adjustments for</u>		
Depreciation and Amortisation	33,487,533	2,471,996
Exchange rate difference	7,335,358	-
Operating Loss Before Working Capital Changes	(3,673,239)	(3,203,066)
<u>Adjustments for</u>		
Trade and Other Receivables	(7,637,922)	(1,371,642)
Trade and Other Payables	9,637,348	-
<b>CASH (USED IN) / GENERATED FROM OPERATIONS</b>	<b>(1,673,813)</b>	<b>(4,574,708)</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(73,338,266)	(56,647,409)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(73,338,266)</b>	<b>(56,647,409)</b>
<b>C CASH FLOW FROM FINANCIAL ACTIVITIES</b>		
Proceeds from Share Capital	76,920,848	80,305,876
<b>NET CASH FLOW FROM FINANCIAL ACTIVITIES</b>	<b>76,920,848</b>	<b>80,305,876</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>1,908,769</b>	<b>19,083,759</b>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	19,083,759	-
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (note 9)	20,992,528	19,083,759

As per our report of even date

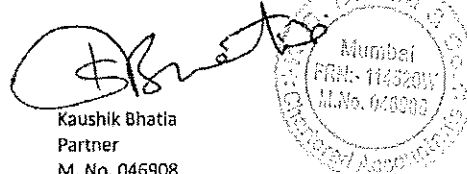
Hexaware Technologies Limited Liability Company



Shyam J. Mansukhani  
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Place : Mumbai  
 Date : 20th January 2017

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



Kaushik Bhatia  
 Partner  
 M. No. 046908

Place : Mumbai  
 Date : 20th January 2017

HEXAWARE TECHNOLOGIES LIMITED LIABILITY COMPANY

NOTES FORMING PART OF FINANCIAL STATEMENTS

1 Company overview:

Hexaware Technologies Limited Liability Company is a Limited Liability Company domiciled in Tver, Russia incorporated on 14th October 2015. The Company is engaged in providing business process outsourcing / Call center services. It operates in various service lines like Human Resource outsourcing, Healthcare outsourcing, Finance/ Accounts Management and Knowledge Process Outsourcing, the company is the Wholly Owned subsidiary of Hexaware Technologies Ltd India.

2 Significant Accounting Policies:-

2.1 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, to the extent possible, in same format as that adopted by the holding company for its separate financials.

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 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 recognized in the period in which the results are known/materialized. Example of such estimates include provision for doubtful debts, employee benefits, provision for income taxes, the useful lives of depreciable fixed assets and provisions for impairment

2.3 Revenue Recognition:-

The Company's revenue from business process management and software support and related activities arises from unit-priced contracts, time-based contracts and cost based projects and services. Such revenue is recognised on completion of the related services and is billed in accordance with the terms of the contract with client.

2.4 Fixed Assets & Depreciation:-

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 bring these to working conditions for intended use.

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

Depreciation and amortization on fixed assets is provided on straight-line method based on the estimated useful lives of the assets as determined by the management.

The Management estimates of useful lives for various fixed assets as follows:

Asset	Estimated Useful Lives
Plant and Machinery	
- Computers	3 years
- Electrical Equipments	8 years
Furniture, Fixtures and Office Equipment	
- Furniture and Fixtures	8 years
- Office Equipment	5 years
- Customer Contracts/Relations	5 years

2.5 Foreign Currency Transactions:-

Transactions in foreign currency are recorded at the original rates of the exchange in force at the time transactions are effected. Exchange differences arising on settlement of all transactions are recognized in the statement of profit and loss.

Monetary items denominated in foreign currency are restated using the exchange rates prevailing at the date of balance sheet and the resulting net exchange difference is recognized in the statement of profit and loss.

2.6 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.



## 2.7 Taxes on Income

Income Taxes are accounted for in accordance with Accounting Standard (AS) 22 on "Accounting for Taxes on Income". 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, measured at relevant enacted / substantively enacted tax rates.

In the event of unabsorbed depreciation and carry forward 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.

## 2.8 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 recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

## 2.9 Cash and Cash Equivalents

Cash and cash equivalents comprise of cash, current account balances.

## 2.10 Employee Benefits

The Company contributes to the employee benefit Scheme as per the Labour Law Regulations as applicable in Russian Republic.



## Hexaware Technologies Limited Liability Company

## NOTES TO THE FINANCIAL STATEMENTS

Currency : RUB

Particulars	As at 31st December 2016	As at 31st December 2015
<b>CHARTER SHARE CAPITAL</b>		
3 Issued Subscribed and Paid-up Charter Capital		
Opening Balance	80,305,876	80,305,876
Issued during the period	76,920,848	-
(The entire share capital is held by Hexaware Technologies Ltd India, the Holding Company)	<u>157,226,724</u>	<u>80,305,876</u>
<b>Rights, preferences and restrictions attached to equity shares:</b>		
The Company has one class of equity shares having no par value. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all liabilities, in proportion to their shareholding		
4 Reserves & Surplus		
Balance in Statement of Profit and Loss		
Opening balance	(5,675,062)	(5,675,062)
Add: Loss for the year/(period)	(44,496,130)	(5,675,062)
Closing balance	<u>(50,171,192)</u>	<u>(5,675,062)</u>
5 Other Long Term Liabilities		
Capital Creditors	24,504,000	26,544,000
	<u>24,504,000</u>	<u>26,544,000</u>
6 Other Current Liabilities		
Employee related liabilities	687,299	12,013
Statutory liabilities	7,539,300	1,230
For expenses	1,423,993	-
Capital Creditors	-	52,783,840
	<u>9,650,592</u>	<u>52,797,083</u>



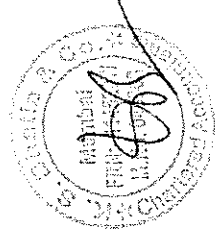


**Hexaware Technologies Limited Liability Company**

**NOTES TO THE FINANCIAL STATEMENTS**

**Note 7 : FIXED ASSETS**

Particulars	Gross Block				Accumulated Depreciation and Amortisation				Net Block		(Currency in RUB)
	As at 1st Jan 2015	Additions	Deductions	As at 31st Dec 2015	As at 1st Jan 2015	For the year/period	Deductions/ Adjustments	As at 31st Dec 2015	As at 31st Dec 2015	As at 31st Dec 2015	
<b>Tangible Assets</b>											
Plant and Machinery (includes Computer Systems)	2,296,125	10,636,665	-	12,932,790	30,862	3,952,291	-	3,983,153	8,949,637	2,265,263	
Office Equipments	4,148,125	497,722	-	4,645,847	66,905	910,804	-	977,709	3,668,138	4,081,220	
Furniture & Fixture	-	1,089,559	-	1,089,559	-	135,527	-	135,527	954,032	-	
<b>Total</b>	<b>6,444,250</b>	<b>12,223,946</b>	<b>-</b>	<b>18,668,196</b>	<b>97,767</b>	<b>4,998,622</b>	<b>-</b>	<b>5,096,389</b>	<b>13,571,807</b>	<b>6,346,483</b>	
<b>Intangible Assets</b>											
Softwares	42,000	-	-	42,000	1,320	14,003	-	15,323	26,677	40,680	
Customer Contracts/Relations	128,457,365	-	-	128,457,365	2,372,909	28,474,908	-	30,847,817	97,609,548	126,084,456	
<b>Total</b>	<b>128,499,365</b>	<b>-</b>	<b>-</b>	<b>128,499,365</b>	<b>2,374,229</b>	<b>28,488,911</b>	<b>-</b>	<b>30,863,140</b>	<b>97,636,225</b>	<b>126,125,136</b>	
<b>Grand Total</b>	<b>134,943,615</b>	<b>12,223,946</b>	<b>-</b>	<b>147,167,561</b>	<b>2,471,996</b>	<b>33,487,533</b>	<b>-</b>	<b>35,959,529</b>	<b>111,208,032</b>	<b>132,471,619</b>	
<b>Previous Period</b>	<b>-</b>	<b>134,943,615</b>	<b>-</b>	<b>134,943,615</b>	<b>-</b>	<b>2,471,996</b>	<b>-</b>	<b>2,471,996</b>	<b>132,471,619</b>	<b>-</b>	



Hexaware Technologies Limited Liability Company

NOTES TO THE FINANCIAL STATEMENTS

Currency : RUB

Particulars	As at 31st December 2016	As at 31st December 2015
<b>8 Long term Loans and Advances (Unsecured)</b>		
Capital Advances	-	1,044,877
		<u>1,044,877</u>
<b>9 Cash and Cash Equivalents</b>		
In Current Accounts	20,992,528	19,083,759
	<u>20,992,528</u>	<u>19,083,759</u>
<b>10 Short term Loans and Advances (Unsecured, considered good)</b>		
Other Loans and advances ( Includes prepaid expenses, VAT etc)	5,336,366	451,642
	<u>5,336,366</u>	<u>451,642</u>
<b>11 Other Current Assets</b>		
Unbilled Revenue	3,673,198	920,000
	<u>3,673,198</u>	<u>920,000</u>

Particulars	For the year ended 31st December 2016	For the period ended 31st December 2015
<b>12 EMPLOYEE BENEFIT EXPENSES</b>		
Salary & Allowances	34,727,713	640,442
Contribution to other Funds	9,434,630	199,495
Staff Welfare Expenses	248,814	16,655
	<u>44,411,157</u>	<u>856,592</u>
<b>13 OPERATION AND OTHER EXPENSES</b>		
Rent	2,457,109	197,460
Rates & Taxes	152,268	3,270
Travelling & Conveyance	579,356	47,346
Electricity Expenses	601,839	-
Communication Expenses	727,063	11,302
Repair & Maintenance	1,678,533	3,060
Printing & Stationery	342,114	1,131,233
Professional Fees	408,932	1,597,106
Advertisement & Publicity	14,624	-
Bank Charges	430,337	252,303
Security & Service Charges	16,949	-
Recruitment Charges	116,197	23,394
Miscellaneous Expenses	210	-
	<u>7,525,531</u>	<u>3,266,474</u>



14 Acquisition of Business

The Company in the previous year entered in to an agreement with M/s. Navigator for acquisition of call center operations for RUB 132,720,000 as consideration for the business which includes acquisition of customer contract

15 Segments

The Company operates in only one Segment - Business Process Management.

16 Related Parties Disclosures:

i) Name of Related parties and description of relationship:

		Country
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
Holding company	HT Global IT solutions Holding Limited	Mauritius
	Hexaware Technologies Limited.	India

ii) Related party transactions

For the year ended December 2016

Sr. No.	Description and nature of transaction	Holding Company
		2016
1	Share Capital	76,920,848

17 Employee Benefits

During the year, the Company has recognized expenses towards contribution to social security RUB 9,434,630/- (previous year RUB 199,495/-)

In terms of our attached report of even date

III. Notes forming part of Financial Statements - 1 to 17

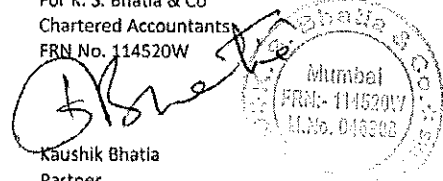
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