



K. S. Bhatia & Co.

CHARTERED ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF GUANGZHOU HEXAWARE INFORMATION TECHNOLOGIES COMPANY LIMITED

Report on the Financial Statements

1. We have audited the accompanying standalone financial statements of **GUANGZHOU HEXAWARE INFORMATION TECHNOLOGIES COMPANY LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st December, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the period then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to 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, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act 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 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. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform

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the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. 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 adequate internal control system over financial reporting and the reporting 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.
5. 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 the information required by the Act in the manner so required and 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, 2015, and its loss and its cash flows for the period ended on that date.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.

- 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 as required by law 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.

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- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors as on 31st December, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st December, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- The Company does not have any pending litigations which would impact its financial position.
 - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For K. S. Bhatia & Co.

Chartered Accountants

(Firm's Registration No. 114520W)

Kaushik S. Bhatia

Partner

(Membership No.046908)

Place: Mumbai

Dated: 27/01/2016



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ANNEXURE REFERRED TO IN PARAGRAPH PERTAINING TO REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS OF OUR REPORT OF EVEN DATE TO THE SHAREHOLDERS OF GUANGZHOU HEXAWARE INFORMATION TECHNOLOGIES COMPANY LIMITED

1. a) Their being no fixed assets of the company, the requirement of clause (i) of para 3 of the said Order is not applicable.
2. a) The nature of business is such that it does not require the company to have inventory. Hence the requirement of clause (ii) of para 3 of the said Order is not applicable
3. (a) According to the information and explanations provided to us by the management, the company has not granted unsecured loan to a company covered in the registers maintained under section 189 of the Companies Act, 2013.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and its nature of business with regard to purchases, fixed assets and sales. During our course of audit, no major weakness was noticed by us in the existing internal control system in vogue.
5. The Company has not accepted any deposits from the public in accordance with the provisions of sections 73 to 76 of the Act and the rules framed there under.
6. We have been informed by the management that the maintenance of cost records has not been prescribed by the Central Govt. under section (1) of section 148 of the Companies Act, 2013.
7. a) According to the books and records as produced and examined by us in accordance with Generally Accepted Auditing Practices in India and also based on management representations, undisputed statutory dues in respect of income tax, and other material statutory dues have generally been regularly deposited by the company during the period with the appropriate authorities.
b) According to the information and explanations given to us, there are no undisputed amounts in respect of the statutory dues referred to above were outstanding as at December 31st 2015 for a period of more than six months from the date they became payable.
c) According to the information and explanations given to us, there were no amounts that were required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made there under. Accordingly, para 3 (vii) of the Order is not applicable.

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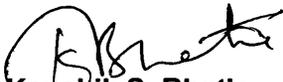


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8. In our opinion, since the Company is registered for a period of less than five years, this part of the clause is not applicable. Further, the Company has incurred cash losses in the financial period. However, this being the first financial period of the Company, no details of immediately previous financial period are given.
9. According to the information and explanations given by the management, the company has not borrowed loans from any bank or financial institutions and thus, the question of default in repayment of dues to its bank or financial institution does not arise.
10. As per the information and explanations given to us, the company has not given any guarantee for loans taken by others from any bank or financial institutions. Accordingly, clause 3 (x) of the Order is not applicable.
11. The Company did not have any term loans outstanding during the year.
12. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the period under audit.

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


Kaushik S. Bhatia

Partner
(Membership No.046908)

Place: Mumbai

Dated: 27/01/2016



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Guangzhou Hexaware Information Technologies Company Limited
Balance sheet as on 31st December 2015

Particulars		As at 31-Dec-15 Currency : CNY
I. EQUITY AND LIABILITIES		
Share Holders' Funds :		
Share Capital	1	1,59,445.00
Reserves and Surplus		<u>(1,18,481.00)</u>
		40,964.00
Total		<u><u>40,964.00</u></u>
II. ASSETS		
Current Assets :		
Cash and Cash Equivalents	2	37,247.00
Short term loans and advances	3	<u>3,717.00</u>
		40,964.00
Total		<u><u>40,964.00</u></u>

As per our report of even date

Guangzhou Hexaware Information Technologies Company Limited



Shyam J Mansukhani
Authorised Signatory

Place : Mumbai

Date : 27th January 2016

*As per our
Report of even Date.*

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



Kaushik Bhatia
Partner
M. No. 046908



Place : Mumbai

Date : 27th January 2016

Guangzhou Hexaware Information Technologies Company Limited
Profit & Loss account for the period 21st May 2015 to 31st December 2015

Particulars		21st-May-2015 to 31-Dec-15 Currency : CNY
I. INCOME		
Other Income	4	94.00
		94.00
II. EXPENSES		
Employee benefits Expenses	5	95,465.00
Operation and other expenses	6	22,727.00
Exchange rate difference (net)		383.00
		1,18,575.00
(Loss) for the period		(1,18,481.00)
Balance Carried To Balance Sheet		(1,18,481.00)

As per our report of even date

Guangzhou Hexaware Information Technologies Company Limited



Shyam J. Mansukhani
Authorised Signatory

Place : Mumbai
Date : 27th January 2016

*As per our Report
of Even Date*

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



Kaushik Bhatia
Partner
M. No. 046908

Place : Mumbai
Date : 27th January 2016



Guangzhou Hexaware Information Technologies Company Limited
Cash Flow Statement for the Period 21st May to 31st December 2015

Particulars	21st-May-2015 to 31-Dec-15 Currency : CNY
A CASH FLOW FROM OPERATING ACTIVITIES	
Net Loss Before Tax	(1,18,481)
<u>Adjustments for</u> Trade and Other Receivables	(3,717)
CASH (USED IN) / GENERATED FROM OPERATIONS	(1,22,198)
B Proceed from Share Capital	1,59,445
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B)	37,247
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	-
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (note 6)	37,247
	37,247

As per our report of even date

Hexaware Technologies Limited Liability Company



Shyam J Mansukhani
 Authorised Signatory

Place : Mumbai
 Date : 27th January 2016

As per our Report of Even
 Date

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



Kaushik Bhatia
 Partner
 M. No. 046908

Place : Mumbai
 Date : 27th January 2016



Guangzhou Hexaware Information Technologies Company Limited
Notes to the Financial Statements

Particulars		As at 31-Dec-15 Currency : CNY
Issued Subscribed and Paid-up Capital (The entire share capital is held by Hexaware Technologies Ltd India, the Holding Company) The Company was incorporated on 21st May 2015 with the authorised share capital of USD 200,000. The paid up share capital consist of 5 share of no par value aggregating USD 25,000 (CNY 159,445) Entire share capital is held by Hexaware Technologies Limited (Holding Company)	1	1,59,445
		<u>1,59,445</u>
Cash and Cash Equivalents In current accounts In EEFC Accounts	2	29,076.00
		8,171.00
		<u>37,247.00</u>
Short term Loans and Advances (Unsecured) Other Loans and advances (Prepaid/Sales Tax/Service Tax etc)	3	3,717.00
		<u>3,717.00</u>




Guangzhou Hexaware Information Technologies Company Limited

Notes to the Financial Statements

Particulars		21st-May-2015 to 31-Dec-15 Currency : CNY
Other Income	4	
Interest Income		94.00
		94.00
Employee Benefits Expenses	5	
Salaries and allowances		95,465.00
		95,465.00
Operations and Other Expenses	6	
Rent		7,340.00
Rates & Taxes		8,500.00
Printing & Stationery		1,890.00
Legal & Professional charges		4,725.00
Bank and other charges		272.00
		22,727.00



Notes Forming Part of Financial Statements

7 Background:

Guangzhou Hexaware Information Technologies Company Limited incorporated on 21st May 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.

8 Significant Accounting Policies:-

8.1 Basis of preparation:-

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

8.2 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

8.3 Revenue Recognition:-

The Company's revenue from business process outsourcing and software support and related activities arises from unit-priced contracts, time-based contracts and cost based projects. Revenue is recognized as the related services are performed in accordance with the terms of the contract

8.4 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.

8.5 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.

8.6 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.

8.7 Cash and Cash Equivalents

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

8.8 Employee Benefits

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



9 Segments

The Company operates in only one Segment - BPS.

10 Related Parties Disclosures:

i) Name of Related parties and description of relationship:	Country
Ultimate Holding Company and its subsidiaries	Cayman Island
Baring Private Equity Asia GP V. LP	Cayman Island
The Baring Asia Private Equity Fund V, LP	Mauritius
Baring Private Equity Asia V Mauritius Holding (4) Limited	Mauritius
Parel Investment Holding Limited	Mauritius
HT Global IT solutions Holding Limited	Mauritius
Holding company	India
Hexaware Technologies Limited.	

ii) Related party transactions

For the year ended December 2015

Sr. No.	Description and nature of transaction	Holding Company
1	Share Capital	1,59,445

In terms of our attached report of even date

Signature to Schedules 1 to 10

Guangzhou Hexaware Information Technologies Company Limited



Shyam J Mansukhani
Authorised Signatory

Place : Mumbai
Date : 27th January 2016

As per our Report of Even Date

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




Kaushik Bhatia
Partner
M. No. 046908

Place : Mumbai
Date : 27th January 2016