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 LIMITED LIABILITY COMPANY

Report on the Audit of Special Purpose Ind AS Financial Statements

We have audited the special purpose Ind AS financial statements of Hexaware Technologies Limited Liability Company ("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 profit (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 - 114520W
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: 20046908AAAAAW5556

Mumbai, 31st January, 2020

HEXAWARE TECHNOLOGIES LIMITED LIABILITY COMPANY
BALANCE SHEET AS AT DECEMBER 31, 2019

Currency : RUB

	Notes	As at December 31, 2019	As at December 31, 2018
Assets			
Non-current assets			
Property, plant and equipment	4	1,468,109	2,822,770
Other intangible assets	5	8,766	61,725
Total non-current assets		1,476,875	2,884,495
Current assets			
Financial Assets			
- Trade receivables	8	-	4,473,824
- Cash and cash equivalents	9	35,290,604	25,388,798
- Unbilled revenue		3,717,785	3,500,000
- Other financial assets	6	147,839	756,682
Other assets	7	831,366	500,922
Total current assets		39,987,594	34,620,226
Total assets		**41,464,469**	**37,504,721**
Equity and liabilities			
Equity			
Equity Share capital	10	157,226,724	157,226,724
Other Equity		(121,035,831)	(124,430,873)
Total equity		36,190,893	32,795,851
Current liabilities			
Financial Liabilities			
Other financial liabilities	11A	2,964,832	3,051,076
Other current liabilities	12	2,308,744	1,657,794
Total current liabilities		5,273,576	4,708,870
Total liabilities		5,273,576	4,708,870
Total equity and liabilities		**41,464,469**	**37,504,721**

Notes 1 to 23 forms an integral part of the financial statements

As per our report of even date

Hexaware Technologies Limited Liability Company

Shyam J Mansukhani
Authorised Signatory

Place : Mumbai
Date : 31 January, 2020

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

Kaushik Bhatia
Partner
M. No. 046908

Place : Mumbai
Date : 31 January, 2020

HEXAWARE TECHNOLOGIES LIMITED LIABILITY COMPANY
STATEMENT OF PROFIT AND LOSS

Currency : RUB

	Notes	For the Year ended December 31, 2019	For the Year ended December 31, 2018
INCOME			
Revenue from information technology and consultancy services	16	49,671,187	46,681,667
Other Income	13	1,776,464	25,651,871
Total Income		**51,447,651**	**72,333,538**
EXPENSES			
Employee benefits expense	14	41,505,045	41,436,492
Operation and Other Expenses	15	5,100,444	8,564,565
Exchange Rate difference (net)		-	1,946,502
Depreciation and amortization expense	4,5	1,447,120	61,573,909
Total Expenses		**48,052,609**	**113,521,468**
Profit / (Loss) Before Tax		**3,395,042**	**(41,187,930)**
- Deferred (Credit)		-	-
Profit / (Loss) for the Year		**3,395,042**	**(41,187,930)**
Other comprehensive income		-	-
Total Comprehensive profit / (loss)for the Year		**3,395,042**	**(41,187,930)**

Notes 1 to 23 forms an integral part of the financial statements

As per our report of even date

Hexaware Technologies Limited Liability Company

Shyam J Mansukhani
Authorised Signatory

Place : Mumbai
Date : 31 January, 2020

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

Kaushik Bhatia
Partner
M. No. 046908

Mumbai
FRN - 114520W
M. No. 046908
Chartered Accountants

Place : Mumbai
Date : 31 January, 2020

HEXAWARE TECHNOLOGIES LIMITED LIABILITY COMPANY
CASH FLOW STATEMENT

Currency : RUB

	For the Year ended	
	December 31, 2019	**December 31, 2018**
Cash Flow from operating activities		
Net Loss before tax	3,395,042	(41,187,930)
Adjustments for:		
Depreciation and amortization expense	*1,447,120*	*61,573,909*
Interest Income	(1,522,443)	(522,344)
Exchange Rate Difference (net) - unrealised	-	1,946,502
Operating Loss before working capital changes	**3,319,719**	**21,810,137**
Adjustments for:		
Trade and other receivables	4,534,438	4,072,608
Trade and other payables	564,706	(18,851,468)
Cash generated from operations	8,418,863	7,031,277
Direct Taxes Paid (net)	-	-
Net cash from/(used) in operating activities	**8,418,863**	**7,031,277**
Cash flow from investing activities		
Purchase of PPE & Intangible assets	(39,500)	-
Capital creditors w/back	-	(25,080,542)
Interest received	1,522,443	522,344
Proceeds from sale of fixed assets	-	13,003,977
Net cash used in investing activities	**1,482,943**	**(11,554,221)**
Net Increase/(decrease) in cash and cash equivalents	**9,901,806**	**(4,522,944)**
Cash and cash equivalents at the beginning of the Year	25,388,798	29,911,742
Cash and cash equivalents at the end of the Year	**35,290,604**	**25,388,798**

Notes 1 to 23 forms an integral part of the financial statements

As per our report of even date

Hexaware Technologies Limited Liability Company

Shyam J Mansukhani
Authorised Signatory

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

Kaushik Bhatia
Partner
M. No. 046908

Mumbai
FRN: 114520W
M. No. 046908
Chartered Accountants

Place : Mumbai
Date : 31 January, 2020

Place : Mumbai
Date : 31 January, 2020

HEXAWARE TECHNOLOGIES LIMITED LIABILITY COMPANY
STATEMENT OF CHANGES IN EQUITY

A. Equity Share Capital

Currency : RUB

As at January 1, 2019	Changes during the Year	As at December 31, 2019
157,226,724	-	157,226,724

As at January 1, 2018	Changes during the Year	As at December 31, 2018
157,226,724	-	157,226,724

B. Other Equity

	Reserves and Surplus	
	Retained Earnings	Total
Balances as at January 1, 2019	**(124,430,873)**	**(124,430,873)**
Profit / (Loss) for the Year	3,395,042	3,395,042
Other comprehensive income	-	-
Total comprehensive profit / (loss) for the Year	**3,395,042**	**3,395,042**
As at December 31, 2019	**(121,035,831)**	**(121,035,831)**
Balance as at January 1, 2018	**(83,242,943)**	**(83,242,943)**
Loss for the Year	(41,187,930)	(41,187,930)
Other comprehensive income	-	-
Total comprehensive loss for the Year	**(41,187,930)**	**(41,187,930)**
As at December 31, 2018	**(124,430,873)**	**(124,430,873)**

Notes 1 to 23 forms an integral part of the financial statements

Hexaware Technologies Limited Liability Company

Shyam J Mansukhani
Authorised Signatory

Place : Mumbai
Date : 31 January, 2020

As per our report of even date

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

Kaushik Bhatia
Partner
M. No. 046908

Place : Mumbai
Date : 31 January, 2020

HEXAWARE TECHNOLOGIES LIMITED LIABILITY COMPANY
NOTES TO THE FINANCIAL STATEMENTS

1 Corporate Information

Hexaware Technologies LLC 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 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 Rubbles (RUB) 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:

2.3.1 Impairment of Assets

Determining whether asset is impaired requires an estimation of the value in use of the cash-generating units to which asset has been allocated. The value in use calculation requires the management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where actual future cash flows are less than expected, a material impairment loss may arise.

2.3.2 Others

Others areas involving estimates relates to provision for the doubtful debts.

2.3.3 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.

K. S. Aiyar & Co. Mumbai Chartered Accountants

2.4 Revenue Recognition

Effective January 1, 2019, the company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The company has adopted Ind AS 115 using the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted and it continues to be reported under Ind AS 18 and Ind AS 11. 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 Ind AS 18 and Ind AS 11. 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.

2.4 Revenue Recognition

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 modification to account for changes in contract specification and requirements. The company reviews 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.

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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.

2.7 Employee Benefits

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

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

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.

2.8 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 consolidated 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.

2.9 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

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.

2.10 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 licenses	3 years
Customer Contracts/Relations	5 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.

2.11 Impairment of assets other than goodwill

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.

2.12 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.

Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with above para and the amount initially recognised less cumulative amortisation recognised.

2.13 Non derivative financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial

A Financial assets and financial liabilities – 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.

K. S. Bhatia & Co. Chartered Accountants Mumbai

(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.

(iv) **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.

(v) **Financial liabilities**

Financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

B 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.

3 Recent Accounting Pronouncements

Certain new standards, amendments to standards are not yet effective for annual periods beginning after January 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) Ind AS 116 – Leases

Ind AS 116 replaces the existing leases Standard, Ind AS 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 Ind AS 116 is annual periods beginning January 1, 2020.

The Company is currently assessing the impact of adoption of Ind AS 116 on the Financial Statements

b) Ind AS 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 Ind AS 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 Ind AS 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.

4 Property, Plant and Equipment (PPE)
PPE consist of the following:

Currency : RUB

	Plant and Machinery	Furniture and Fixtures	Office Equipment	Total
COST				
At January 1, 2019	12,932,790	1,089,559	4,650,923	18,673,272
Additions	-	39,500	-	39,500
Disposals	-	-	-	-
At December 31, 2019	12,932,790	1,129,059	4,650,923	18,712,772
ACCUMULATED DEPRECIATION				
At January 1, 2019	12,605,009	407,927	2,837,566	15,850,502
Charge for the Year	327,781	136,200	930,180	1,394,161
Disposals	-	-	-	-
At December 31, 2019	12,932,790	544,127	3,767,746	17,244,663
NET CARRYING AMOUNT				
At December 31, 2019	-	584,932	883,177	1,468,109
				-

	Plant and Machinery	Furniture and Fixtures	Office Equipment	Total
COST				
At January 1, 2018	12,932,790	1,089,559	4,650,923	18,673,272
Additions	-	-	-	-
Disposals	-	-	-	-
At December 31, 2018	12,932,790	1,089,559	4,650,923	18,673,272
ACCUMULATED DEPRECIATION				
At January 1, 2018	8,294,081	271,727	1,907,386	10,473,194
Charge for the year	4,310,928	136,200	930,180	5,377,308
Disposals	-	-	-	-
At December 31, 2018	12,605,009	407,927	2,837,566	15,850,502
NET CARRYING AMOUNT				
At December 31, 2018	327,781	681,632	1,813,357	2,822,770

Note:

i) Plant and machinery includes computer systems

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Currency : RUB

5 Intangible assets

Intangible assets consist of the following:

	Software licenses	Customer Contracts/ Relations	Total
COST			
At January 1, 2019	201,325	-	201,325
Additions	-	-	-
Disposals	-		-
At December 31, 2019	201,325	-	201,325
ACCUMULATED AMORTISATION			
At January 1, 2019	139,600	-	139,600
Amortisation for the Year	52,959	-	52,959
Disposals			-
At December 31, 2019	192,559	-	192,559
NET CARRYING AMOUNT			
At December 31, 2019	8,766	-	8,766
COST			
At January 1, 2018	201,325	128,457,365	128,658,690
Additions	-	-	-
Disposals	-	128,457,365	128,457,365
At December 31, 2018	201,325	-	201,325
ACCUMULATED AMORTISATION			
Amortisation for the vear			
At January 1, 2018	73,662	59,322,725	59,396,387
Amortisation for the year	65,938	56,130,663	56,196,601
Disposals		115,453,388	115,453,388
At December 31, 2018	139,600	-	139,600
NET CARRYING AMOUNT			
At December 31, 2018	61,725	-	61,725

Amortisation is included in statement of profit or loss under the line item "Depreciation and Amortisation".
The Company has de- recognised the customer Contracts/ Relations on termination of the contract.

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6 Other financial assets

	December 31, 2019	December 31, 2018
Advance to suppliers	50,251	-
Employee advances	97,588	756,682
	147,839	756,682

7 Other assets (unsecured)
Current

Interest accrued on deposit LT	265,343	154,408
Prepaid Expenses	566,023	346,514
	831,366	500,922

8 Trade Receivables (unsecured)

	December 31, 2019	December 31, 2018
Considered good	-	4,473,824
	-	4,473,824

The Company's credit period generally ranges from 30 - 60 days. The age wise break up of trade receivables, net of allowances is given below.

Not Due		
Due less than 180 days	-	4,473,824
Due greater than 180 days	-	-
	-	-
	-	4,473,824
Average age (days)	-	35

9 Cash and cash equivalents

	December 31, 2019	December 31, 2018
In current accounts with banks	2,690,604	2,988,798
Bank deposit Accounts with less than 3 months maturity	32,600,000	22,400,000
	35,290,604	25,388,798

10 Charter Share Capital

10.1 Charter Share Capital Issued, subscribed and paid-up capital	December 31, 2019	December 31, 2018
Charter share Capital	157,226,724	157,226,724

10.2 The entire share capital is held by Hexaware Technologies Ltd India, the Holding Company since incorporation.

10.3 Rights, preferences and restrictions attached to equity shares:

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.

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11 Other financial liabilities

A Current

	December 31, 2019	December 31, 2018
Employee liabilities Payable	2,186,806	2,454,399
Sundry creditors	98,696	-
Accrued expenses	679,330	596,677
	2,964,832	3,051,076

12 Other liabilities

Current

	December 31, 2019	December 31, 2018
Statutory liabilities	2,308,744	1,657,794
	2,308,744	1,657,794

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13 Other income

	Currency : RUB	
	For the Year ended	
	Dec 31, 2019	Dec 31, 2018
Interest income	1,522,443	522,344
Miscellaneous Income	254,021	25,129,527
	1,776,464	25,651,871

14 Employee benefits expense

	Currency : RUB	
	For the Year ended	
	Dec 31, 2019	Dec 31, 2018
Salary and allowances	32,697,930	32,662,947
Contribution to provident and other funds	8,584,649	8,673,001
Staff welfare expenses	222,466	100,544
	41,505,045	41,436,492

15 Operation and Other Expenses

	Currency : RUB	
	For the Year ended	
	Dec 31, 2019	Dec 31, 2018
Rent	1,980,178	2,203,685
Rates and taxes	118,627	122,612
Travelling and conveyance	32,610	103,962
Electricity charges	943,688	1,268,145
Communication expenses	626,145	657,742
Repairs and maintenance	495,881	3,333,679
Printing and stationery	188,225	489,170
Legal and professional fees	74,331	70,000
Bank and other charges	105,230	108,943
Directors' sitting fees	-	185,727
Software License	435,145	-
Staff recruitment expenses	100,384	20,900
	5,100,444	8,564,565

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16 Revenue from operations

Currency : RUB

16.1 The disaggregated revenue with the customers for the year ended 31 December

	For the year ended	
	December 31, 2019	December 31, 2018
Time and Material contracts	-	-
Others	49,671,187	46,681,667
Total revenue from operations	**49,671,187**	**46,681,667**

16.2 Changes in unbilled revenue are as follows:

	For the year ended	
	December 31, 2019	December 31, 2018
Balance as at 1 January 2019	3,500,000	-
Invoices raised during the year that was included in the unbilled revenue balance at the beginning of the year	(3,500,000)	3,500,000.00
Revenue recognised during the year for which the contractual right to receive consideration is not due at the end of the year	3,717,785	-
Balance as at 31 December 2019	**3,717,785**	**3,500,000**

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Currency : RUB

17 Financial Instruments

17.1 Financial Instruments by category

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

December 31, 2019	Amortised Cost	Fair value through other comprehensive income	Fair value through Profit and Loss	Total carrying / fair value
Cash and cash equivalents	35,290,604	-	-	35,290,604
Trade receivables	-	-	-	-
Unbilled revenue	3,717,785	-	-	3,717,785
Other financial assets	147,839	-	-	147,839
	39,156,228	-	-	39,156,228
Other financials liabilities	2,964,832	-	-	2,964,832
	2,964,832	-	-	2,964,832

Currency : RUB

December 31, 2018	Amortised Cost	Fair value through other comprehensive income	Fair value through Profit and Loss	Total carrying / fair value
Cash and cash equivalents	25,388,798	-	-	25,388,798
Trade receivables	4,473,824	-	-	4,473,824
Unbilled revenue	3,500,000	-	-	3,500,000
Other financial assets	756,682	-	-	756,682
Investments in equity shares	-	-	-	-
	34,119,304	-	-	34,119,304
Other financials liabilities	3,051,076	-	-	3,051,076
	3,051,076	-	-	3,051,076

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17 Financial Instruments (Cont'd)

17.2 Financial risk management

The Company has identified the risks under verticals like client concentration risk, credit risk, 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.

Client concentration risk

Most of the revenue of 2019 is generated from top 1 client (VF Services, any loss or major downsizing by this client may impact Companys profitability. Further, excessive exposure to particular clients will limit Companys negotiating capacity and expose us to higher credit risk.

The Company's growth strategy involves a mix of new client addition and mining the accounts of existing clients. As we add more clients and grow our revenues from the existing clients, we naturally reduce our dependence on the large clients. Moreover, large clients allow quick scaling up of revenues and they come with much higher margins due to lower associated cost and higher cost predictability.

Credit risk

Since most of our transactions are done on credit, we are exposed to credit risk on unbilled revenue. Any delay, default or inability on the part of the client to pay on time will expose us to credit risk and can impact our profitability. Our maximum credit exposure is in respect of unbilled revenue of RUB 3,717,785 and RUB 3,500,000 as at December 31, 2019 and December 31, 2018 respectively. And in respect of Trade receivable is of RUB Nil & RUB 4,473,824 as at December 2019 and December 2018 respectively.

Top 1 customer dues contribute 100% of the total outstanding as at December 31, 2019.

Cash and cash equivalents include current a/c balances & deposits with banks with high credit-ratings assigned by credit-rating agencies.

Foreign Currency fluctuations Risk

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

Curr: RUB

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

	USD	EUR	GBP	Others
Net financial assets	-	-	-	-
Net financial liabilities	-	-	-	-
Net assets/(liabilities)	-	-	-	-

Curr: RUB

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

	USD	EUR	GBP	Others*
Net financial assets	-	-	-	-
Net financial liabilities	-	-	-	-
Net assets/(liabilities)	-	-	-	-

10% depreciation of the respective foreign currencies with respect to functional currency of the Company and its subsidiaries would result in the increase / decrease in Company's profit before tax approximately by RUB Nil 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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17 **Financial Instruments (Cont'd)**

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 balances of RUB 35,290,604 which constitutes approximately 85% of total assets. The Company does not have any debt.

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

Curr: RUB

As at December 31, 2019	Less than 1 year	1-2 years	Total
Employee liabilities Payable	2,186,806	-	2,186,806
Sundry Creditors	98,696		-
Accrued expenses	679,330	-	679,330
Total	2,964,832	-	2,866,136

Curr: RUB

As at December 31, 2018	Less than 1 year	1-2 years	Total
Employee liabilities Payable	2,454,399	-	2,454,399
Accrued expenses	596,677	-	596,677
Total	3,051,076	-	3,051,076

Interest rate risk

The Company does not have any debt. The bank deposits is in the form of fixed interest rate deposits. Hence, the Company is not significantly exposed to interest rate risk.

18 Segments

The Company operates in only one Segment - BPS.

19 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 RUB 1,980,177.96 (December 31, 2018 RUB 2,203,685)

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

Currency : RUB

Particulars	December 31, 2019	December 31, 2018
Not later than one year	2,369,520	2,369,520
Later than one year and not later than five years	-	2,705,169
Total	**2,369,520**	**5,074,689**

20 Related Parties Disclosures:

Names of related parties

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

Holding Company (control exists)

Hexaware Technologies Limited, India

Key Management Personnel :

Shyam Mansukhani

ii) Related party transactions

Currency : RUB

	December 31, 2019	December 31, 2018
	Amount	Amount
Subscription to Capital by Holding Company	157,226,724	157,226,724

21 The Company recognized RUB 8,584,649.27 & RUB 8,673,001 in December 2019 & December 2018 for pension contributions, Social Insurance & Compulsory Medical insurance in the statement of profit and loss account. The contributions payable to these plans by the company are at rates specified in the rules of the schemes as applicable in Russian Republic.

22 Material events after Balance Sheet date

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

23 Approval of the financial statements

The financial statements were approved for issue by the Board of Directors on January 31, 2020.