



The Directors

Hexaware Technologies México, S. De R.L de C.V.
Av. San Angel #240 Piso 3 D-A
Col. Valle San Agustin, C.P.25215
Saltillo, Coahuila, México

January 22nd, 2018

Dear Sirs,

We have audited the attached accounts and notes of Hexaware Technologies Mexico, S. de R.L. de C.V. for the year ended 31st December 2017 which have been prepared by the company for the purpose of attachment to the accounts of its Holding company.

We confirm the attached accounts have been prepared from by the company taking as a reference the information from the books and records of the same and are in accordance with the statutory accounts of Hexaware Technologies, S. de R.L. de C.V. as audited by us according to NIF'S (Mexican Gaap)

Javier Fuentes Zambrano y Asociados, SC
Member of International Association of Practicing Accountants and also,
Member of Leading Edge Alliance

C.P.C. Javier Fuentes Zambrano
Monterrey, México
January 22nd, 2018



HEXAWARE TECHNOLOGIES MEXICO, S. DE R.L. DE C.V.
CONDENSED BALANCE SHEET AS AT December 31, 2017

Currency; MXN

		AS AT		
	Note	December 31, 2017	December 31, 2016	January 1, 2016
Assets				
Non-current assets				
Property, plant and equipment	3	8,528,295	11,183,556	11,820,388
Other intangible assets	4	-	17,534	128,532
Financial Assets				
- Other financial assets	5A	1,038,379	1,109,421	569,649
Deferred tax assets	6	6,260,243	4,672,846	3,927,563
Total non-current assets		15,826,917	16,983,357	16,446,132
Current assets				
Financial Assets				
- Trade receivables	8	90,469,483	92,322,428	42,530,683
- Cash and cash equivalents	9	4,650,027	2,435,564	5,056,546
- Unbilled revenue		3,376,500	7,109,506	15,283,241
- Other financial assets	5B	440,592	509,026	982,284
Current Tax Assets (net)		8,388,071	-	-
Other assets	7	7,292,378	7,354,482	5,199,508
Total current assets		114,617,051	109,731,006	69,052,262
Total assets		130,443,968	126,714,363	85,498,394
Equity and liabilities				
Equity				
Equity Share capital	16	8,087,502	8,087,502	8,087,502
Other Equity		95,748,061	86,174,773	50,219,079
Total equity		103,835,563	94,262,275	58,306,581
Non-current liabilities				
Provisions - Employee benefit obligations		2,673,531	2,137,166	1,941,517
Total non-current liabilities		2,673,531	2,137,166	1,941,517
Current liabilities				
Financial Liabilities				
- Trade payables		5,317,715	2,313,967	2,715,627
- Other financial liabilities	10	8,910,690	12,007,614	12,516,256
Other current liabilities	11	5,744,658	5,986,813	5,885,078
Provisions				
- Employee benefit obligations		3,961,811	3,628,849	3,083,301
Current Tax Liabilities		-	6,377,679	1,050,034
Total current liabilities		23,934,874	30,314,922	25,250,296
Total liabilities		26,608,405	32,452,088	27,191,813
Total equity and liabilities		130,443,968	126,714,363	85,498,394

The notes 1 to 23 form an integral part of the condensed financial statements

For Javier Fuentes Zambrano y Asoc.. S.C
Chartered Accountants

C.P.C. Javier Fuentes Zambrano
Partner

For and on behalf of the Board

Kalpesh Bhatt
(Director)



HEXAWARE TECHNOLOGIES MEXICO, S. DE R.L. DE C.V.
CONDENSED STATEMENT OF PROFIT AND LOSS

Currency: MXN

	Notes	For Year ended	
		December 31, 2017	December 31, 2016
INCOME			
Revenue from information technology and consultancy services		232,591,123	250,355,168
Other Income	12	111,191	2,103
Total Income		232,702,314	250,357,271
EXPENSES			
Software and Development Expenses	13	34,552,365	27,805,990
Employee benefits expense	14	148,513,600	147,645,488
Operation and Other Expenses	15	21,126,197	26,638,761
Exchange Rate difference (net)		7,604,093	-10,688,863
Depreciation and amortization expense	3,4	7,524,987	7,149,392
Total Expenses		219,321,242	198,550,768
Profit Before Tax		13,381,072	51,806,503
Tax Expense			
- Current		5,395,182	16,596,092
- Deferred (Credit)		(1,587,398)	(745,283)
		3,807,784	15,850,809
Profit for the year		9,573,288	35,955,694
Other comprehensive income:		-	-
Total Comprehensive Income for the year		9,573,288	35,955,694
Basic Earnings per share (In MXN)			
Basic & Diluted Earning Per share	17	4,786,644	17,977,847

The notes 1 to 23 form an integral part of the condensed financial statements

For Javier Fuentes Zambrano y Asoc.. S.C
Chartered Accountants

For and on behalf of the Board

C.P.C. Javier Fuentes Zambrano
Partner

Kalpesh Bhatt
(Director)

Place : Monterrey, México
Date : January 22, 2018

Place : Mumbai
Date : Jan 23, 2018



HEXAWARE TECHNOLOGIES MEXICO, S. DE R.L. DE C.V.
CONDENSED STATEMENT OF CHANGES IN EQUITY

Currency: MXN

A. Equity Share Capital

	As at January 1, 2017	Changes during the year	As at December 31, 2017
	8,087,502	-	8,087,502
	As at January 1, 2016	Changes during the year	As at December 31, 2016
	8,087,502	-	8,087,502

B. Other Equity

	<u>Reserves and Surplus</u>		Total
	General reserve	Retained Earnings	
Balances as at January 1, 2017	2,574,705	83,600,068	86,174,773
Profit for the year	-	9,573,288	9,573,288
Other comprehensive income	-	-	-
Total comprehensive income for the year		9,573,288	9,573,288
As at December 31, 2017	2,574,705	93,173,356	95,748,061
Balances as at January 1, 2016	2,574,705	47,644,374	50,219,079
Profit for the year	-	35,955,694	35,955,694
As at December 31, 2016	2,574,705	83,600,068	86,174,773

The notes 1 to 23 form an integral part of the condensed financial statements

For Javier Fuentes Zambrano y Asoc.. S.C
Chartered Accountants

C.P.C. Javier Fuentes Zambrano
Partner

For and on behalf of the Board

Kalpesh Bhatt
(Director)

Place : Monterrey, México
Date : January 22, 2018

Place : Mumbai
Date : Jan 23, 2018

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HEXAWARE TECHNOLOGIES MEXICO, S. DE R.L. DE C.V.
CONDENSED CASH FLOW STATEMENT

Currency: MXN

	For Year ended	
	December 31, 2017	December 31, 2016
Cash Flow from operating activities		
Net Profit before tax	13,381,072	51,806,503
Adjustments for:		
Depreciation and amortization expense	7,524,987	7,149,392
(Profit) on sale of property, plant & equipment (net)	(50,560)	-
Exchange Rate Difference (net) - unrealised	(155,000)	236,696
Operating profit before working capital changes	20,700,500	59,192,591
Adjustments for:		
Trade and other receivables	5,787,531	(43,839,498)
Trade and other payables	(437,591)	(67,370)
Cash generated from operations	26,050,440	15,285,723
Direct Taxes Paid (net)	(20,160,931)	(11,268,448)
Net cash from operating activities	5,889,509	4,017,275
Cash flow from investing activities		
Purchase of property, plant & equipment	(3,880,605)	(6,401,561)
Proceeds from sale of property, plant & equipment	50,560	-
Net cash (used in) investing activities	(3,830,045)	(6,401,561)
Net Increase/ (decrease) in cash and cash equivalents	2,059,464	(2,384,286)
Cash and cash equivalents at the beginning of the year	2,405,466	4,789,752
Cash and cash equivalents at the end of the year	4,464,930	2,405,466

Notes:

Components of cash and cash equivalents comprise the following

	December 31, 2017	December 31, 2016
Cash and cash equivalents (Refer Note 9)	4,650,027	2,435,564
Add: Unrealised loss/ (gain) on foreign currency cash & cash equivalents	(185,097)	30,098
Total Cash and Cash equivalents	4,464,930	2,405,466

The notes 1 to 23 form an integral part of the condensed financial statements

For Javier Fuentes Zambian y Asoc.. S.C
Chartered Accountants

C.P.C. Javier Fuentes Zambrano
Partner

For and on behalf of the Board

Kalpesh Bhatt
(Director)

Place : Monterrey, México
Date : January 22, 2018

Place : Mumbai
Date : Jan 23, 2018



HEXAWARE TECHNOLOGIES MEXICO, S. DE R.L. DE C.V.
NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1 Company Overview

Hexaware Technologies Mexico S de RL de CV (the Company), incorporated in Mexico on 8th May 2007, is a wholly owned subsidiary of Hexaware Technologies Limited a foreign corporation incorporated in India. These accounts have been prepared and audited for the purpose of consolidation, with the holding company.

The Company is in the business of automated testing of enterprise resource planning and customized software applications. Their business involves systems verification, quality strategy, information technology governance solutions and various functional, performance and system stress verification exercises and Business Processing Services. The Company is also a provider of business technology optimization consulting services.

2 Significant Accounting Policies

Basis of Preparation

2.1

The condensed financial statements have been prepared in accordance with International Financial Reporting Standards and its interpretations ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

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.

2.2.1 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:

2.2.2 Revenue recognition

The company uses the percentage-of-completion method in accounting for its fixed-price contracts. Use of the percentage-of completion method requires the company 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 reasonable estimated.

2.2.3 Others

Others areas involving estimates relates to provision for the doubtful debts, and useful lives of Property, plant &

2.3 Revenue Recognition

Revenue is measured at fair value of consideration received or receivable.

- a) Revenues from software solutions and consulting services are recognized on specified terms of contract.

In case of contract on time and material basis, revenue is recognised when the related services are performed.

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.

Unbilled services represents revenue recognized based on services performed in advance of billing in accordance with contract terms.

Revenue from business process management arises from unit-priced contracts, time based contracts and cost based projects. Such revenue is recognised on completion of the related services. It is billed in accordance with the specific terms of the contract with the client.

- b) Revenue is reported net of discount and indirect taxes.

- c) Dividend income is recognised when the shareholders right to receive payment has been established.

Interest Income is recognised on time proportion basis taking into account the amount outstanding and the rate

- d) applicable.



HEXAWARE TECHNOLOGIES MEXICO, S. DE R.L. DE C.V.
NOTES TO THE CONDENSED FINANCIAL STATEMENTS

2.4 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.

2.5

Functional and presentation currency

(a)

The Local accounts are maintained in local and functional currency, which is the Mexican Peso ('MXN')

(b) **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 reporting. The resulting exchange difference on such restatement and settlement is recognized in the statement of profit or loss. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the Balance Sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

2.6 Borrowing Cost

Borrowing cost directly 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 recognised in the profit or loss.

2.7 Employee Benefits

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

In accordance with Mexican Labour law, the Company provides seniority premium benefits to its employees under certain circumstances. These benefits consist of a one-time payment equivalent to 12 days wages for each year of service (at the employees most recent salary but not to exceed twice the legal minimum wage) payable to all employee's with 15 or more years of services, as well as to certain employees terminated involuntary prior to the vesting of their seniority premium benefit. The Company also provides statutorily mandated severance benefits to its employees terminated under certain circumstances. Such benefits consist of a one-time payment of three months wages plus 20 days' wages for each year of service payable upon involuntary termination without just cause. Provisions for such benefits are charged to Statement of Profit and Loss.

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.



HEXAWARE TECHNOLOGIES MEXICO, S. DE R.L. DE C.V.
NOTES TO THE CONDENSED FINANCIAL STATEMENTS

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.

Deferred tax liabilities are recognised for all taxable temporary differences except in respect of taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

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

Improvement to Leasehold Premises are amortised over the lease period or useful life of an asset whichever is lesser. 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 Licences	3 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.



HEXAWARE TECHNOLOGIES MEXICO, S. DE R.L. DE C.V.
NOTES TO THE CONDENSED FINANCIAL STATEMENTS

2.11 Impairment of assets other than goodwill

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 lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

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.

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 assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

Financial assets and financial liabilities – Subsequent & 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.

(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. 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.

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.

Financial liabilities

Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

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.

2.14 Earnings per share ('EPS')

Basic EPS are computed by dividing profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. Diluted EPS is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares considered for deriving basic EPS and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.



HEXAWARE TECHNOLOGIES MEXICO, S. DE R.L. DE C.V.
NOTES TO THE CONDENSED FINANCIAL STATEMENTS

Currency: MXN

3 Property, Plant and Equipment (PPE)

PPE consist of the following:

	<u>Plant and Machinery</u>	<u>Furniture and Fixtures</u>	<u>Office Equipment</u>	<u>Leasehold Improvements</u>	<u>Total</u>
COST					
At January 1, 2017	18,457,894	8,944,793	5,743,508	7,765,127	40,911,322
Additions	2,682,558	78,420	56,835	2,013,899	4,831,712
Disposals				116,380	116,380
Translation exchange difference				-	-
At December 31, 2017	<u>21,140,452</u>	<u>9,023,213</u>	<u>5,800,343</u>	<u>9,662,646</u>	<u>45,626,654</u>
ACCUMULATED DEPRECIATION					
At January 1, 2017	14,011,765	6,090,549	2,661,168	6,964,285	29,727,767
Charge for the year	3,240,965	744,740	819,176	2,682,092	7,486,973
Disposals				116,380	116,380
Translation exchange difference				-	-
At December 31, 2017	<u>17,252,730</u>	<u>6,835,289</u>	<u>3,480,344</u>	<u>9,529,997</u>	<u>37,098,360</u>
NET CARRYING AMOUNT					
At December 31, 2017	<u>3,887,722</u>	<u>2,187,924</u>	<u>2,319,999</u>	<u>132,650</u>	<u>8,528,295</u>
COST					
At January 1, 2016	17,353,727	6,497,350	4,775,216	5,925,912	34,552,205
Additions	1,104,167	2,447,443	968,292	1,839,215	6,359,117
Disposals					-
Translation exchange difference					-
At December 31, 2016	<u>18,457,894</u>	<u>8,944,793</u>	<u>5,743,508</u>	<u>7,765,127</u>	<u>40,911,322</u>
ACCUMULATED DEPRECIATION					
At January 1, 2016	11,041,952	5,001,296	1,850,934	4,837,635	22,731,817
Charge for the year	2,969,813	1,089,253	810,233	2,126,650	6,995,949
Disposals					-
Translation exchange difference					-
At December 31, 2016	<u>14,011,765</u>	<u>6,090,549</u>	<u>2,661,167</u>	<u>6,964,285</u>	<u>29,727,766</u>
NET CARRYING AMOUNT					
At December 31, 2016	<u>4,446,129</u>	<u>2,854,244</u>	<u>3,082,341</u>	<u>800,842</u>	<u>11,183,556</u>
At January 1, 2016	<u>6,311,775</u>	<u>1,496,054</u>	<u>2,924,282</u>	<u>1,088,277</u>	<u>11,820,388</u>

Note:

i) Plant and machinery includes computer systems

HEXAWARE TECHNOLOGIES MEXICO, S. DE R.L. DE C.V.
NOTES TO THE CONDENSED FINANCIAL STATEMENTS

Currency: MXN

4 Intangible assets

Intangible assets consist of the following:

COST

At January 1, 2017

Additions

Disposals

Translation exchange difference

At December 31, 2017

ACCUMULATED AMORTISATION

At January 1, 2017

Amortisation for the year

Disposals

Translation exchange difference

At December 31, 2017

NET CARRYING AMOUNT

At December 31, 2017

COST

At January 1, 2016

Additions

Disposals

Translation exchange difference

At December 31, 2016

ACCUMULATED AMORTISATION

At January 1, 2016

Amortisation for the year

Disposals

Translation exchange difference

At December 31, 2016

NET CARRYING AMOUNT

At December 31, 2016

At January 1, 2016

Software licenses
843,222
20,480
<u>863,702</u>
825,688
38,014
<u>863,702</u>
<u>-</u>
800,778
42,444
<u>843,222</u>
672,245
153,443
<u>825,688</u>
<u>17,534</u>
<u>128,532</u>

Amortisation is included in statement of profit or loss under the line item "Depreciation and Amortisation".



HEXAWARE TECHNOLOGIES MEXICO, S. DE R.L. DE C.V.
NOTES TO THE CONDENSED FINANCIAL STATEMENTS

Currency: MXN

5 Other financial assets (unsecured) (considered good)

A Non-current

Security deposits for premises and others

	As at		
	<u>December 31, 2017</u>	<u>December 31, 2016</u>	<u>January 1, 2016</u>
	1,038,379	1,109,421	569,649
	<u>1,038,379</u>	<u>1,109,421</u>	<u>569,649</u>

B Current

Employee advances

	As at		
	<u>December 31, 2017</u>	<u>December 31, 2016</u>	<u>January 1, 2016</u>
	440,592	509,026	982,284
	<u>440,592</u>	<u>509,026</u>	<u>982,284</u>

7 Other assets (unsecured)

Current

Prepaid Expenses
Indirect taxes recoverable

	As at		
	<u>December 31, 2017</u>	<u>December 31, 2016</u>	<u>January 1, 2016</u>
	6,199,711	6,623,710	5,071,149
	1,092,667	730,772	128,359
	<u>7,292,378</u>	<u>7,354,482</u>	<u>5,199,508</u>

8 Trade Receivables (unsecured)

Considered good

	As at		
	<u>December 31, 2017</u>	<u>December 31, 2016</u>	<u>January 1, 2016</u>
	90,469,483	92,322,428	42,530,683
	<u>90,469,483</u>	<u>92,322,428</u>	<u>42,530,683</u>

The Company's credit period generally ranges from 30-60 days. Allowance for the doubtful debts is made for the debts outstanding for over 180 days unless confirmed by the customer and/ or recoverability is considered reasonable. The age wise breakup of trade receivables, net of allowances is given below:

	<u>December 31, 2017</u>	<u>December 31, 2016</u>	<u>January 1, 2016</u>
Not due	86,265,520	83,856,256	40,055,240
Due less than 180 days	4,159,570	8,432,463	572,642
Due greater than 180 days	44,393	33,709	1,902,801
	<u>90,469,483</u>	<u>92,322,428</u>	<u>42,530,683</u>
Average days	154	134	68

9 Cash and cash equivalents

Cash in Hand
In current accounts with banks

	As at		
	<u>December 31, 2017</u>	<u>December 31, 2016</u>	<u>January 1, 2016</u>
	2,847	1,239	7,427
	4,647,180	2,434,325	5,049,119
	<u>4,650,027</u>	<u>2,435,564</u>	<u>5,056,546</u>

10 Other financial liabilities

Current

Capital creditors
Employee liabilities Payable
Accrued expenses

	As at		
	<u>December 31, 2017</u>	<u>December 31, 2016</u>	<u>January 1, 2016</u>
	971,587	-	8,619
	7,117,576	11,513,454	9,058,091
	821,527	494,160	3,449,546
	<u>8,910,690</u>	<u>12,007,614</u>	<u>12,516,256</u>

11 Other liabilities

Current

Statutory liabilities

	As at		
	<u>December 31, 2017</u>	<u>December 31, 2016</u>	<u>January 1, 2016</u>
	5,744,658	5,986,813	5,885,078
	<u>5,744,658</u>	<u>5,986,813</u>	<u>5,885,078</u>



HEXAWARE TECHNOLOGIES MEXICO, S. DE R.L. DE C.V.
NOTES TO THE CONDENSED FINANCIAL STATEMENTS

Currency: MXN

6 6.1 The reconciliation of estimated income tax expense at the Indian statutory income tax rate to the income tax expenses reported in statement of profit and loss is as follows:

	<u>For year ended</u> <u>December 31, 2017</u>	<u>For year ended</u> <u>December 31, 2016</u>
Profit before income-tax	13,381,072	51,806,503
Expected tax expense at the enacted tax rate of 30% in Mexico	4,014,322	15,541,951
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:		
Income exempt from tax		
Tax effect of non-deductible expenses	1,021,251	961,102
Short provision of taxes of earlier years	134,621	-
Others	(1,362,410)	(652,244)
	<u>3,807,784</u>	<u>15,850,809</u>

6.2 Components of deferred taxes:

	<u>December 31, 2017</u>	<u>December 31,</u> <u>2016</u>	<u>January 1, 2016</u>
Deferred tax assets			
Allowance for doubtful debts and advances			
Employee benefit obligations	3,077,812	3,601,638	3,159,573
Depreciation And Amortization	3,035,397	2,411,217	1,816,171
Others	147,034	102,126	72,100
Total	<u>6,260,243</u>	<u>6,114,981</u>	<u>5,047,844</u>
Deferred tax liabilities			
Others	-	1,442,135	1,120,281
Total	<u>-</u>	<u>1,442,135</u>	<u>1,120,281</u>
Net deferred tax asset	<u>6,260,243</u>	<u>4,672,846</u>	<u>3,927,563</u>



HEXAWARE TECHNOLOGIES MEXICO, S. DE R.L. DE C.V.
NOTES TO THE CONDENSED STATEMENT OF PROFIT AND LOSS

Currency: MXN

12 Other income

Profit on Sale of Fixed Assets (Net)
Miscellaneous income

	For Year ended	
	<u>December 31, 2017</u>	<u>December 31, 2016</u>
	50,560	
	60,631	2,103
	<u>111,191</u>	<u>2,103</u>

13 Software and Development Expenses

Consultant travel and related expenses
Software expenses *

	For Year ended	
	<u>December 31, 2017</u>	<u>December 31, 2016</u>
	19,974,783	18,730,111
	14,577,582	9,075,879
	<u>34,552,365</u>	<u>27,805,990</u>

* includes sub- contracting charges

	8,111,151	7,458,867
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14 Employee benefits expense

Salary and allowances
Contribution to provident and other funds
Staff welfare expenses

	For Year ended	
	<u>December 31, 2017</u>	<u>December 31, 2016</u>
	109,230,535	108,819,594
	33,666,739	32,602,094
	5,616,326	6,223,800
	<u>148,513,600</u>	<u>147,645,488</u>

15 Operation and Other Expenses

Rent
Rates and taxes
Travelling and conveyance
Electricity charges
Communication expenses
Repairs and maintenance
Printing and stationery
Auditors remuneration
Legal and professional fees
Advertisement and business promotion
Bank and other charges
Insurance charges
Staff recruitment expenses
Service charges
Miscellaneous expenses

	For Year ended	
	<u>December 31, 2017</u>	<u>December 31, 2016</u>
	7,588,673	8,554,305
	97,798	
	2,470,530	4,173,085
	746,855	590,527
	4,503,026	7,750,899
	1,879,693	1,408,853
	720,478	704,979
	448,104	547,659
	540,806	799,026
	-	-
	162,396	180,397
	215,861	337,494
	273,230	
	1,283,792	1,525,934
	194,955	65,603
	<u>21,126,197</u>	<u>26,638,761</u>



HEXAWARE TECHNOLOGIES MEXICO, S. DE R.L. DE C.V.
NOTES TO THE CONDENSED STATEMENT OF PROFIT AND LOSS

16 Equity Share Capital

Currency: MXN

16.1 Authorised capital

	<u>December 31, 2017</u>	<u>As AT December 31, 2016</u>	<u>January 1, 2016</u>
	Amount	Amount	Amount
2(2) Participation share of MXN 8087502	8,087,502	8,087,502	8,087,502

16.2 Issued, subscribed and paid-up capital

	<u>December 31, 2017</u>	<u>As AT December 31, 2016</u>	<u>January 1, 2016</u>
	Amount	Amount	Amount
2(2) participation share fully paid up	8,087,502	8,087,502	8,087,502

16.3 There is no movement in the share capital during year ended December 31,2017 and December 31,2016.

16.4 Rights, preferences and restrictions attached to equity shares

The Company's share capital consist of capital contribution of MXN 8,085,329 by the holding company Hexaware Technologies Limited and MXN 2,173 by fellow subsidiary Hexaware Technologies Inc. out of which MXN 2,172 issued to Hexaware Technologies Inc. without receiving consideration in cash in view of merger of FocusFrame Mexico S de RL de CV with the company

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

Name of Shareholder		<u>December 31, 2017</u>	<u>As AT December 31, 2016</u>	<u>January 1, 2016</u>
Hexaware Technologies Ltd. (Holding Company)	No. of shares held % of holding	8,085,329 99.97%	8,085,329 99.97%	8,085,329 99.97%



HEXAWARE TECHNOLOGIES MEXICO, S. DE R.L. DE C.V.
NOTES TO THE CONDENSED STATEMENT OF PROFIT AND LOSS

Currency: MXN

17 Earnings per share

The components of basic and diluted earnings per share after exceptional items (EPS) were as follows:

	For Year ended	
	December 31, 2017	December 31, 2016
Net profit after tax (MXN)	9,573,288	35,955,694
Weighted average outstanding equity shares considered for basic EPS (Nos.)	2	2
Basic and diluted earnings per share (In MXN)	4,786,644	17,977,847

18 Related party 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 Holding Limited

Holding Company (control exists)

Hexaware Technologies Limited

Fellow Subsidiaries

Hexaware Technologies Inc

Hexaware Technologies UK Limited

Key Management Personnel

Mr. R. Srikrishna - Executive Director and CEO

Mr. Kalpesh Bhatt

(B) Related party Transactions :

Currency: MXN

Sr. No	Nature of Transaction	Name of Related party and Nature of Relationship	For Year ended December 31, 2017	For Year ended December 31, 2016
1	Software Consulting Income	<u>Fellow Subsidiaries</u> Hexaware Technologies Inc. Hexaware Technologies Germany Hexaware Technologies UK Ltd.	177,650,606 97,045	176,275,214 - 158,211
2	Reimbursement of Costs	<u>Holding Company</u> <u>Fellow Subsidiaries</u> Hexaware Technologies Inc.	209,909 158,059	2,333,407 521,102
3	Recovery of Costs	<u>Fellow Subsidiaries</u> Hexaware Technologies Inc.	79,618,711	68,108,795

(C) Closing Balance :

Currency: MXN

Sr.No	Particulars	Nature of Relationship	AS at		
			December 31, 2017	31st Dec 2016	1st Jan 2016
1	Trade Receivables	<u>Holding Company</u> <u>Fellow Subsidiaries</u> Hexaware Technologies Inc. Hexaware Technologies Germany Hexaware Technologies UK Ltd.	44,393 80,335,921 97,045 -	79,741 73,491,382 -	1,902,801 33,640,333 27,851
2	Trade payables	<u>Holding Company</u>	1,477,868	-	1,174,612



HEXAWARE TECHNOLOGIES MEXICO, S. DE R.L. DE C.V.
NOTES TO THE CONDENSED STATEMENT OF PROFIT AND LOSS

19 Financial Instruments

19.1 Financial Instruments by category

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

	Amortised Cost	Fair value through other comprehensive income	Fair value through P & L	Total carrying / fair value
December 31, 2017				
Cash and cash equivalents	4,650,027	-	-	4,650,027
Trade receivables	90,469,483	-	-	90,469,483
Unbilled revenue	3,376,500	-	-	3,376,500
Other financial assets	1,478,971	-	-	1,478,971
	<u>99,974,981</u>	<u>-</u>	<u>-</u>	<u>99,974,981</u>
Trade payables	5,317,715	-	-	5,317,715
Other financial liabilities	8,910,690	-	-	8,910,690
	<u>14,228,405</u>	<u>-</u>	<u>-</u>	<u>14,228,405</u>
December 31, 2016				
Cash and cash equivalents	2,435,564	-	-	2,435,564
Trade receivables	92,322,428	-	-	92,322,428
Unbilled revenue	7,109,506	-	-	7,109,506
Other financial assets	1,618,447	-	-	1,618,447
	<u>103,485,945</u>	<u>-</u>	<u>-</u>	<u>103,485,945</u>
Trade payables	2,313,967	-	-	2,313,967
Other financial liabilities	12,007,614	-	-	12,007,614
	<u>14,321,581</u>	<u>-</u>	<u>-</u>	<u>14,321,581</u>
January 1, 2016				
Cash and cash equivalents	5,056,546	-	-	5,056,546
Trade receivables	42,530,683	-	-	42,530,683
Unbilled revenue	15,283,241	-	-	15,283,241
Other financial assets	1,551,933	-	-	1,551,933
Investments in equity shares	-	-	-	-
	<u>64,422,402</u>	<u>-</u>	<u>-</u>	<u>64,422,402</u>
Trade payables	2,715,627	-	-	2,715,627
Other financial liabilities	12,516,256	-	-	12,516,256
	<u>15,231,882</u>	<u>-</u>	<u>-</u>	<u>15,231,882</u>



HEXAWARE TECHNOLOGIES MEXICO, S. DE R.L. DE C.V.
NOTES TO THE CONDENSED STATEMENT OF PROFIT AND LOSS

19 Financial Instruments (Cont'd)

19.2 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.

Client concentration risk

89% of the revenue of 2017 is generated from top 2 clients. Any loss or major downsizing of subsidiary may impact Company's profitability. Further, excessive exposure to one customer will limit Company's negotiating capacity and expose us to higher credit risk.

Credit risk

Since most of our transactions are done on credit, we are exposed to credit risk on accounts receivable. 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 trade receivables of MXN 90,469,483, MXN 92,322,428 and MXN 42,530,683 as at December 31, 2017, 2016 and January 1, 2016 respectively and unbilled revenue of MXN 33,76,500, MXN 71,09,506 and MXN 1,52,83,241 as at December 31, 2017, 2016 and January 1, 2016.

Refer Note No.8 for the age wise analysis of trade receivables that are not due as well as past due.

Top 2 customer dues contribute 94% of the total outstanding as at December 31, 2017.

Cash and cash equivalents include balance in current accounts only.

Foreign Currency fluctuations Risk

Foreign exchange fluctuations are one of the key risks impacting our business. The offshore part of the revenue remains exposed to the risk of MXN appreciation which is functional currency of the Company vs. the US Dollar, as largely, the costs incurred are in Mexican MXNs and the Revenue/ Inflows are in foreign currencies. The contracts we enter into with our customers tend to run across several years and most of these contracts are at fixed rates, any appreciation in the MXN vis-à-vis foreign currencies will affect our margins.

The following table analyses foreign currency risk from financial instruments

Currency: MXN

	2017		2016	
	USD	EUR	USD	EUR
Net financial assets	92,246,610	1,599,373	94,402,760	1,511,321
Net financial liabilities	1,477,868	-	-	-
Net assets/(liabilities)	90,768,742	1,599,373	94,402,760	1,511,321

10% depreciation/appreciation of the respective foreign currencies with respect to functional currency of the Company and its subsidiaries would result in the decrease/ increase in Company's profit before tax approximately by MXN 92,36,812 and MXN 95,91,408 for the year ended December 31, 2017 and December 31, 2016 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.



HEXAWARE TECHNOLOGIES MEXICO, S. DE R.L. DE C.V.
NOTES TO THE CONDENSED STATEMENT OF PROFIT AND LOSS

19 Financial Instruments (Cont'd)

19.3 Liquidity risk

The Company needs continuous access to funds to meet short and long term strategic investment requirements. The Company's 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.

As at December 31, 2017, the Company had total cash / bank balance of MXN 4650,027 which constitutes approximately 4% of total assets.

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

	MXN		
As at December 31, 2017	Less than 1 year	1-2 years	Total
Trade payables	5,317,715	-	5,317,715
Others	8,910,690	-	8,910,690
Total	14,228,405	-	14,228,405
As at December 31, 2016	Less than 1 year	1-2 years	Total
Trade payables	2,313,967	-	2,313,967
Others	12,007,614	-	12,007,614
Total	14,321,581	-	14,321,581
As at January 1, 2016	Less than 1 year	1-2 years	Total
Trade payables	2,715,627	-	2,715,627
Others	12,516,256	-	12,516,256
Total	15,231,882	-	15,231,882

20 Employee benefits

In 2017, the Company recorded expenses in employee benefits of seniority premium and severance benefits of MXN 4,522,200 (Previous year MXN 4,637,265) in the Statement of Profit and Loss. The Company believes any differences between its calculation of employee benefits of seniority premium and severance benefits and a calculation provided by an independent actuary would not be material.

21 Operating Lease

The Company takes on lease office space under various operating leases. The lease rental towards non-cancellable agreement recognized in Statement of Profit and Loss for the year is MXN 7,588,673 (Previous year MXN 8,554,305) The future minimum lease payments and payment profile of operating leases are as follows:

Particulars	December 31, 2017	December 31, 2016	January 1, 2016
Not later than one year	7,588,673	8,835,452	8,552,366
Later than one year and not later than five years	-	7,358,896	16,488,652
TOTAL	7,588,673	16,194,348	25,041,018

22 Segment

There is only one reportable business segment viz software consultancy, the results of which are disclosed in the financial statements

23 Material events after Balance Sheet date

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