



Independent Auditor's Report

To the Board of Directors of Hexaware Technologies Nordic AB

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Hexaware Technologies Nordic AB ("the Company"), which comprise the balance sheet as at 31st December, 2018, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year ended on that date and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

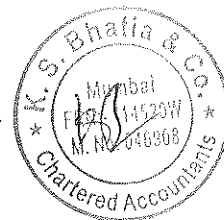
The Company's Board of Directors is responsible for the preparation and presentation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) Financial Reporting as specified under section 133 of the Companies Act, 2013 ('the Act') read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial control, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.



K.S. Bhatia & Co.
Chartered Accountants

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

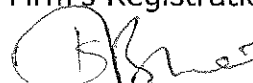
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

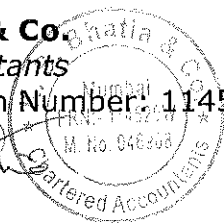
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

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 the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31st December, 2018 and financial performance including total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

for **K. S. Bhatia & Co.**
Chartered Accountants
Firm's Registration Number: 114520W


Kaushik Bhatia
Partner



Membership Number: 046908
Mumbai, 23 January 2019

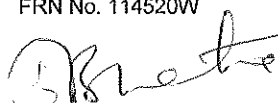
HEXAWARE TECHNOLOGIES NORDIC AB
BALANCE SHEET

		(SEK)
	As at	As at
Notes	December 31, 2018	December 31, 2017
Assets		
Current assets		
Financial Assets		
- Trade receivables	6	8,345,801
- Cash and cash equivalents	7	5,664,665
- Unbilled revenue		217,228
- Other financial assets	4	73,335
Other assets	5	17,825
Total current assets	14,318,854	50,000
Total assets	14,318,854	50,000
Equity and liabilities		
Equity		
Equity Share capital	10	50,000
Other Equity		(681,459)
Total equity	(631,459)	50,000
Current liabilities		
Financial Liabilities		
- Trade payables		396,038
- Other financial liabilities	8	8,034,606
Other current liabilities	9	6,086,173
Provisions		
- Employee benefit obligations in respect of compensated absences		433,496
Total current liabilities	14,950,313	-
Total liabilities	14,950,313	-
Total equity and liabilities	14,318,854	50,000

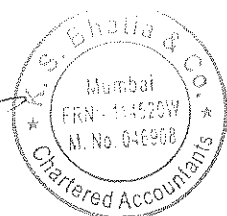
Notes 1 to 20 form an integral part of the financial statements

As per our report of even date

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



Kaushik Bhatia
Partner
M. No. 046908



For and on behalf of the Board



Amrinder Singh
Director

Place : Mumbai
Date :

23 JAN 2018

HEXAWARE TECHNOLOGIES NORDIC AB
STATEMENT OF PROFIT AND LOSS

(SEK)

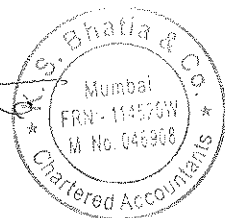
	Notes	For year ended	
		December 31, 2018	December 31, 2017
INCOME			
Revenue from information technology and consultancy services		24,136,386	-
Total Income		24,136,386	0.00
EXPENSES			
Software and Development Expenses	11	19,174,040	-
Employee benefits expense	12	5,294,940	-
Operation and Other Expenses	13	273,389	-
Exchange Rate difference (net)		75,476	-
Total Expenses		24,817,845	-
Loss for the year		(681,459)	-
Basic Earnings per share (In SEK)			
Basic and Diluted	14	(1,362.92)	-

Notes 1 to 20 form an integral part of the financial statements

As per our report of even date

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


 Kaushik Bhatia
 Partner
 M. No. 046908



For and on behalf of the Board



Amrinder Singh
 Director

Place : Mumbai

Date : 23 JAN 2019

HEXAWARE TECHNOLOGIES NORDIC AB
STATEMENT OF CHANGES IN EQUITY

Equity Share Capital

	As at January 1, 2018	Changes during the year	Amount in SEK As at December 31, 2018
	50,000	-	50,000
	As at January 1, 2017	Changes during the year	As at December 31, 2017
	-	50,000	50,000

B. Other Equity

	Reserves and Surplus	
	Retained Earnings	Total
Balances as at January 1, 2018	-	-
Loss for the year	(681,459)	(681,459)
Other comprehensive income	-	-
Total comprehensive loss for the year	(681,459)	(681,459)
As at December 31, 2018	(681,459)	(681,459)

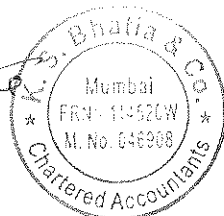
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As per our report of even date

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



Kaushik Bhatia
Partner
M. No. 046908



Place : Mumbai
Date :

For and on behalf of the Board



Amrinder Singh
Director

HEXAWARE TECHNOLOGIES NORDIC AB
CASH FLOW STATEMENT

(SEK)

For year ended

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Cash Flow from operating activities		
Net loss before tax	-681,459	-
Adjustments for:	-	-
Operating profit before working capital changes	-681,459	-
Adjustments for:		
Trade and other receivables	(8,654,189)	-
Trade and other payables	14,950,313	-
Cash generated from operations activities	5,614,665	-
Cash flow from investing activities	-	-
Cash flow from financing activities	-	-
Share Application money (adjusted) / received	-	50,000
Net cash (used in) financing activities	-	50,000
Net Increase in cash and cash equivalents	5,614,665	50,000
Cash and cash equivalents at the beginning of the year	50,000	-
Cash and cash equivalents at the end of the year (Refer note. 7)	5,664,665	50,000

As per our report of even date

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



Kaushik Bhatia
Partner
M. No. 046908



Place : Mumbai
Date : 09 JAN 2019

For and on behalf of the Board



Amrinder Singh
Director

HEXAWARE TECHNOLOGIES NORDIC AB
NOTES TO THE FINANCIAL STATEMENTS

1 Corporate Information

Hexaware Technologies Nordic AB, incorporated on 7th September 2017 under the laws of Sweden, is a subsidiary of Hexaware Technologies Limited, India. These Financial Statement have been prepared & audited for purpose of consolidation with the holding company.

The Company is engaged in information technology consulting, software development and business process management. Hexaware provides multiple service offerings to its clients across various industries comprising travel, transportation, hospitality, logistics, banking, financial services, insurance, healthcare, manufacturing, consumer and services. The various service offerings comprise application development and management, enterprise package solutions, infrastructure management, business intelligence and analytics, business process, digital assurance and independent testing.

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

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 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 reasonably estimated.

2.3.2 Others

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

2.4 Revenue Recognition

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

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.

Revenue is reported net of discount and indirect taxes

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.

2.6 (a) Functional and presentation currency

The local accounts are maintained in local and functional currency, which is Swedish Kroner (SEK)

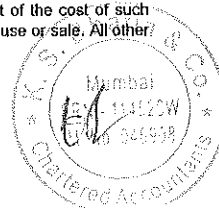
(b) Foreign currency

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 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 of Balance Sheet. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

2.7 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.



HEXAWARE TECHNOLOGIES NORDIC AB
NOTES TO THE FINANCIAL STATEMENTS

2.8 Employee Benefits

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

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

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.

2.9 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 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.

2.10 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.

2.11 Impairment

a) Financial assets (other than at fair value)

The Company assesses at each balance sheet date, whether a financial asset or a Company 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 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.



HEXAWARE TECHNOLOGIES NORDIC AB
NOTES TO THE FINANCIAL STATEMENTS

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 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.

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.

3 Recent accounting pronouncements

Ind AS 115 Revenue from the contracts with customers replaces the current revenue recognition standard, Ind AS 18 Revenue and Ind AS 11 Construction Contracts. This standard provides a single principle based five step model to be applied to all contracts with customers. Guidance is provided on topics such as the point at which revenue is recognised, accounting for variable consideration, cost to fulfill a contract and obtaining a contract and various other related matters. The standard is applicable to the Company with effect from January 1, 2019, to be applied retrospectively in accordance with the transition guidance. The Company is evaluating the impact of its adoption on its financial statements.

4 Other financial assets (unsecured) (considered good)

Current

	December 31, 2018	December 31, 2017
Employee advances	73,335	-
	<u>73,335</u>	<u>-</u>

5 Other assets (unsecured)

Current

	December 31, 2018	December 31, 2017
Prepaid Expenses	17,825	-
	<u>17,825</u>	<u>-</u>

6 Trade Receivables (unsecured)

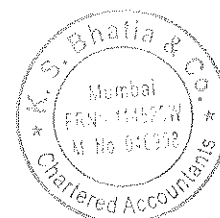
	December 31, 2018	December 31, 2017
Considered good	8,345,801	-
Considered doubtful	-	-
Less: Allowance for doubtful receivables basis the expected credit loss model	-	-
	<u>8,345,801</u>	<u>-</u>

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	8,345,801	-
Due less than 180 days	-	-
Due more than 180 days	-	-
	<u>-</u>	<u>-</u>
Average age (days)	<u>129</u>	<u>-</u>

7 Cash and cash equivalents

	December 31, 2018	December 31, 2017
In current accounts with banks	5,664,665	50,000
	<u>5,664,665</u>	<u>50,000</u>



HEXAWARE TECHNOLOGIES NORDIC AB
NOTES TO THE FINANCIAL STATEMENTS

8 Other financial liabilities

Current

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Employee liabilities Payable	287,759	-
Accrued expenses	<u>7,746,847</u>	<u>-</u>
	<u>8,034,606</u>	<u>-</u>

9 Other liabilities

Current

Curr: SEK

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Statutory liabilities	<u>6,086,173</u>	<u>-</u>
	<u>6,086,173</u>	<u>-</u>

10 Equity Share Capital

10.1 Authorised capital

2000 Equity shares of SEK 100/- each

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
	<u>200,000</u>	<u>200,000</u>

10.2 Issued, subscribed and paid-up capital

500 EQUITY SHARES OF SEK 100/- EACH FULLY PAID

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
	<u>50,000</u>	<u>50,000</u>

Reconciliation of number of shares:

Shares outstanding at the beginning of the year

Shares issued during the year

Shares outstanding at the end of the year

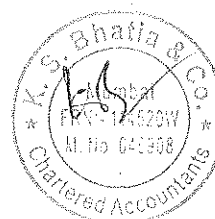
	<u>December 31, 2018</u>	<u>December 31, 2017</u>
	500	-
	-	500
	<u>500</u>	<u>500</u>

10.3 Rights, preferences and restrictions attached to equity shares

The Company has one class of equity shares having a par value of SEK 100 each. Each shareholder is eligible for one vote per share held.

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

<u>Name of Shareholder</u>		<u>December 31, 2018</u>	<u>December 31, 2017</u>
Hexaware Technologies Limited, India. (Holding Company)	No. of shares held	500	500
	% of holding	100%	100 %



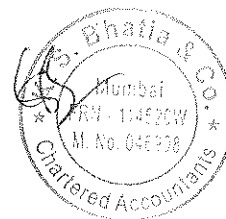
HEXAWARE TECHNOLOGIES NORDIC AB
NOTES TO THE FINANCIAL STATEMENTS

Curr: SEK

11 Software and Development Expenses	For year ended	
	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Consultant travel and related expenses	1,740,729	-
Software expenses *	17,433,311	-
	<u>19,174,040</u>	<u>-</u>
* includes sub- contracting charges	13,157,843	-

12 Employee benefits expense	For year ended	
	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Salary and allowances	3,855,785	-
Contribution to provident and other funds	1,433,717	-
Staff welfare expenses	5,438	-
	<u>5,294,940</u>	<u>-</u>

13 Operation and Other Expenses	For year ended	
	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Rent	3,697	-
Communication expenses	4,844	-
Legal and professional fees	171,568	-
Bank and other charges	1,229	-
Insurance charges	4,455	-
Staff recruitment expenses	82,635	-
Seminar And Conference Expenses	4,961	-
	<u>273,389</u>	<u>-</u>



HEXAWARE TECHNOLOGIES NORDIC AB
NOTES TO THE FINANCIAL STATEMENTS

14 Earnings per share

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

	For year ended		Curr: SEK
	December 31, 2018	December 31, 2017	
Net profit after tax (In SEK)	(681,459)	-	
Weighted average outstanding equity shares considered for basic EPS (Nos.)	500	500	
Basic and diluted earnings per share (In RON)	(1,362.92)	-	

15 Related party disclosures

(a) Names of related parties and description of relationship:

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

Hexaware Technologies Limited, India

Fellow Subsidiaries

Hexaware Technologies UK Limited, UK

Key Management Personnel

Mr Amrinder Singh

(b) Related Party Transactions:

Transactions for the year:

Sr No	Particulars	Nature of relationship	For year ended	
			December 31, 2018	December 31, 2017
			SEK	SEK
1	Expenditure - Software and Development Expenses - subcontracting charges	Holding Company	5,705,674	-
		Fellow Subsidiary Hexaware Technologies UK Limited, UK	7,743,943	-
2	Expenditure - Reimbursement of Costs	Holding Company	76,097	-
		Fellow Subsidiary Hexaware Technologies UK Limited, UK	59,396	-

(c) Related Party Balances:

Curr: SEK

Sr No	Particulars	Nature of relationship	As at	
			December 31, 2018	December 31, 2017
1	Trade and other payables	Holding Company	5,711,366	-



HEXAWARE TECHNOLOGIES NORDIC AB
NOTES TO THE FINANCIAL STATEMENTS

16 Financial Instruments

16.1 Financial Instruments by category

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

	Curr: SEK			
December 31, 2018	Amortised Cost	Fair value through other comprehensive income	Fair value through Profit & Loss	Total carrying / fair value
Cash and cash equivalents	5,664,665	-	-	5,664,665
Trade receivables	8,345,801	-	-	8,345,801
Unbilled revenue	217,228	-	-	217,228
	<u>14,301,029</u>			<u>14,301,029</u>
Trade payables	396,038	-	-	396,038
Other financials liabilities	8,034,606	-	-	8,034,606
	<u>8,430,644</u>			<u>8,430,644</u>
				Curr: SEK
December 31, 2017	Amortised Cost	Fair value through other comprehensive income	Fair value through Profit & Loss	Total carrying / fair value
Cash and cash equivalents	50,000	-	-	50,000
	<u>50,000</u>			<u>50,000</u>

16.2 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.

(i) Client concentration risk

100% of the revenue of 2018 is generated from 1 client. Any loss or major downsizing by these clients may impact Company's profitability. Further, excessive exposure to particular clients will limit Company's negotiating capacity and expose us to higher credit risk.

The Company is able to maintain a diversified high quality client roster that can be accessed through the depth of relationships with existing clients.

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.

(ii) 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 SEK 8,345,801 as at December 31, 2018 and unbilled revenue of SEK 217,228 as at December 31, 2018 & Nil in previous year.

We have adopted an effective receivable management system to control the Days' Sales Outstanding (DSO). Our DSO including unbilled revenue is 129 days as on December 31, 2018. Refer Note No.6 for the age wise analysis of trade receivables that are not due as well as past due and allowance for the doubtful receivables. The co. manages its credit risk through rigorous debt collection procedures.

Top customer dues contribute 100% of the total outstanding as at December 31, 2018.

Cash and cash equivalents include current account balances with banks.



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16 Financial Instruments (Cont'd)

16.3 Financial risk management (Cont'd)

(iii) Foreign Currency fluctuations Risk

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

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

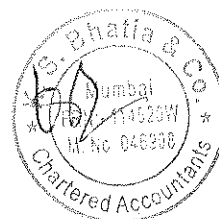
	Curr: SEK
	<u>EUR</u>
Net financial assets	306,336
Net financial liabilities	<u>2,049</u>
Net assets/(liabilities)	<u><u>304,287</u></u>

The following table analyses foreign currency risk from financial instruments as at December 31, 2017:

	<u>EUR</u>
Net financial assets	-
Net financial liabilities	<u>-</u>
Net assets/(liabilities)	<u><u>-</u></u>

10% depreciation/(appreciation) of the respective foreign currencies with respect to functional currency of the Company would result in the increase/ (decrease) in Company's profit before tax approximately by SEK 30,428 for the year ended December 31, 2018.

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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16 Financial Instruments (Cont'd)

16.4 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.

Over the years, the Company has increased its liquidity position by maintaining high cash / bank balances.

As at December 31, 2018, the Company had total cash / bank balance and investments of SEK 5,664,665 which constitutes approximately 40% of total assets. The Company does not have any debt and thus manages its liquidity requirements through funds generated from operations.

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

	<u>Less than 1</u> <u>year</u>	<u>1-2 years</u>	<u>Total</u> Curr: SEK
<u>As at December 31, 2018</u>			
Trade payables	396,038	-	396,038
Others (Refer note 8)	8,034,606	-	8,034,606
Total	8,430,644	-	8,430,644

	<u>Less than 1</u> <u>year</u>	<u>1-2 years</u>	<u>Total</u> Curr: SEK
<u>As at December 31, 2017</u>			
Trade payables	-	-	-
Others (Refer note 8)	-	-	-
Total	-	-	-

(v) **Interest rate risk**

The Company does not have any debt. Hence, the Company is not exposed to interest rate risk.

17 The Company recognized SEK 1,433,717 (Previous Year SEK NIL) for Social security and pension contributions in profit and loss account. The contributions payable to these plans by the company are at rates specified in the rules of the schemes

18 There is only one reportable business segment viz Manufacturing, Consumer and Others (MC&O), the results of which are disclosed in the financial statements.

19 Material events after Balance Sheet date

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

20 Approval of the financial statements

The financial statements were approved for issue by the Board of Directors on 23rd January 2019

