

Our Ref: SP/H119

**butler+co**

CHARTERED ACCOUNTANTS

S Phadke BSc (Econ) FCA  
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The Directors  
Hexaware Technologies UK Ltd  
Level 19, 40 Bank Street,  
Canary Wharf,  
London,  
EN14 5NR

07<sup>th</sup> February 2020

Dear Sirs,

We have reviewed the attached accounts and notes of Hexaware Technologies UK Ltd for the years ended 31<sup>st</sup> December 2019 and 31<sup>st</sup> December 2018 which have been prepared by the company for the purposes of attachment to the accounts of its Holding company.

We confirm the attached accounts have been prepared from the books and records of the company and are in accordance with the statutory accounts of the company as audited by us.

Yours faithfully,



Butler & Co LLP  
Chartered Accountants & Statutory Auditors  
Third Floor  
126-134 Baker Street  
London  
W1U 6UE

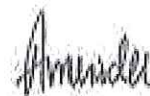
**Butler&CoLLP**  
Third Floor  
126-134 Baker Street  
London W1U 6UE

**HEXAWARE TECHNOLOGIES UK LIMITED**  
**BALANCE SHEET AS AT DECEMBER 31, 2019**

		(GBP)	
	Note	December 31, 2019	December 31, 2018
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	129,611	51,292
Other intangible assets	5	3,150	6,746
<b>Financial Assets</b>			
- Investments	6	19,514	19,514
- Other financial assets	7A	79,282	79,282
<b>Total non-current assets</b>		<u>231,557</u>	<u>156,834</u>
<b>Current assets</b>			
<b>Financial Assets</b>			
- Trade receivables	9	11,793,406	8,824,561
- Cash and cash equivalents	10	254,163	4,282,796
- Unbilled revenue		5,253,057	3,659,734
- Other financial assets	7B	5,726,295	1,248,713
Other assets	8	559,235	281,368
<b>Total current assets</b>		<u>23,586,156</u>	<u>18,297,172</u>
<b>Total assets</b>		<u><u>23,817,713</u></u>	<u><u>18,454,006</u></u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Equity Share capital	14	2,167,000	2,167,000
Other Equity		2,814,090	2,392,736
<b>Total equity</b>		<u>4,981,090</u>	<u>4,559,736</u>
<b>Current liabilities</b>			
<b>Financial Liabilities</b>			
- Trade payables		9,107,414	5,563,292
- Other financial liabilities	11	7,079,922	5,623,469
Other current liabilities	12	1,425,452	1,904,572
<b>Provisions</b>			
- Employee benefit obligations		917,971	759,287
Current Tax Liabilities		305,864	43,650
<b>Total current liabilities</b>		<u>18,836,623</u>	<u>13,894,270</u>
<b>Total liabilities</b>		<u>18,836,623</u>	<u>13,894,270</u>
<b>Total equity and liabilities</b>		<u><u>23,817,713</u></u>	<u><u>18,454,006</u></u>

The notes 1 to 27 form an integral part of the financial statements

For and on behalf of the Board



Amrinder Singh  
 Director

BUTLER & CO LLP
THIRD FLOOR
126-134 BAKER STREET
LONDON W1U 6UE

**HEXAWARE TECHNOLOGIES UK LIMITED**  
**STATEMENT OF PROFIT AND LOSS**

(GBP)

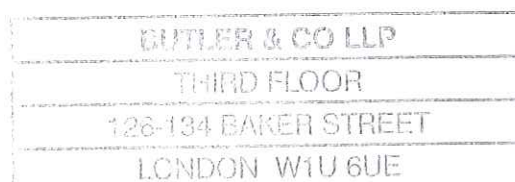
	Notes	For year ended	
		December 31, 2019	December 31, 2018
<b>INCOME</b>			
Revenue from information technology and consultancy services	15	59,478,785	46,623,690
Other Income	16	5,306	12,588
<b>Total Income</b>		<b>59,484,091</b>	<b>46,636,278</b>
<b>EXPENSES</b>			
Software and Development Expenses	17	39,165,651	30,946,562
Employee benefits expense	18	15,254,188	12,365,782
Operation and Other Expenses	19	3,489,621	4,411,798
Exchange Rate difference (net)		756,055	(123,656)
Depreciation and amortization expense	4,5	64,222	43,160
<b>Total Expenses</b>		<b>58,729,737</b>	<b>47,643,646</b>
<b>Profit / (Loss) Before Tax</b>		<b>754,354</b>	<b>(1,007,368)</b>
Tax Expense			
- Current		333,000	298,500
<b>Profit / (Loss) for the year</b>		<b>421,354</b>	<b>(1,305,868)</b>
<b>Total Comprehensive income for the year</b>		<b>421,354</b>	<b>(1,305,868)</b>
<b>Basic Earnings per share (In GBP)</b>			
Basic	21	0.19	(0.60)
Diluted		0.19	(0.60)

The notes 1 to 27 form an integral part of the financial statements

For and on behalf of the Board



Amrinder Singh  
 Director



**HEXAWARE TECHNOLOGIES UK LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**

**A. Equity Share Capital**

	As at January 1, 2019	Changes during the year	Amount in GBP As at December 31, 2019
	2,167,000	-	2,167,000
	As at January 1, 2018	Changes during the year	As at December 31, 2018
	2,167,000	-	2,167,000

**B. Other Equity**

**Reserves and Surplus**

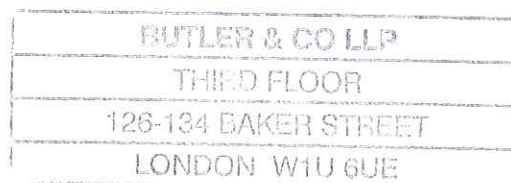
	Retained Earnings	Total
<b>Balances as at January 1, 2019</b>	2,392,736	2,392,736
Profit for the year	421,354	421,354
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b>421,354</b>	<b>421,354</b>
<b>As at December 31, 2019</b>	<b>2,814,090</b>	<b>2,814,090</b>
<b>Balances as at January 1, 2018</b>	3,698,604	3,698,604
Loss for the year	(1,305,868)	(1,305,868)
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b>(1,305,868)</b>	<b>(1,305,868)</b>
<b>As at December 31, 2018</b>	<b>2,392,736</b>	<b>2,392,736</b>

The notes 1 to 27 form an integral part of the financial statements

For and on behalf of the Board



Amrinder Singh  
 Director



**HEXAWARE TECHNOLOGIES UK LIMITED**  
**CASH FLOW STATEMENT**

(GBP)

For year ended

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
<b>Cash Flow from operating activities</b>		
Net Profit / (Loss) before tax	754,354	(1,007,368)
<b>Adjustments for:</b>		
Depreciation and amortization expense	64,222	43,160
Interest Income	(5,306)	(3,907)
Loss on redemption of Investments in Subsidiary	-	885
Dividend from Subsidiary	-	(5,164)
Exchange Rate Difference (net) - unrealised	51,701	(67,314)
<b>Operating profit / (Loss) before working capital changes</b>	<b>864,971</b>	<b>(1,039,708)</b>
<b>Adjustments for:</b>		
Trade and other receivables	(4,817,617)	(3,711,629)
Trade and other payables	4,680,139	6,676,843
<b>Cash generated from operations</b>	<b>727,493</b>	<b>1,925,506</b>
Direct Taxes Paid (net)	(70,786)	(303,003)
<b>Net cash from / (used in) operating activities</b>	<b>656,707</b>	<b>1,622,503</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant & equipment	(138,945)	(45,195)
Loan given to fellow subsidiary	(4,500,000)	-
Interest received	5,306	3,907
Proceeds from redemption of Investments in Subsidiary	-	3,515
Dividend from Subsidiary	-	5,164
<b>Net cash used in investing activities</b>	<b>(4,633,639)</b>	<b>(32,609)</b>
<b>Cash flow from (used in) / financing activities</b>	<b>-</b>	<b>-</b>
Net (Decrease) /Increase in cash and cash equivalents	(3,976,932)	1,589,894
Cash and cash equivalents at the beginning of the year	4,282,796	2,625,588
Add/Less: Unrealised (gain) /loss on foreign currency cash & cash equivalents	(51,701)	67,314
<b>Total Cash and Cash equivalents at the end of year (Refer note no.10)</b>	<b>254,163</b>	<b>4,282,796</b>

The notes 1 to 27 form an integral part of the financial statements

For and on behalf of the Board



Amrinder Singh  
 Director

**HEXAWARE TECHNOLOGIES UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**1 Corporate Information**

Hexaware Technologies UK Ltd., (HTUK or the Company), incorporated in England and Wales, is a wholly owned subsidiary of Hexaware Technologies Limited, a foreign corporation incorporated in India. (Hexaware or the Holding Company). These financial statements have been prepared and audited for the 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 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.

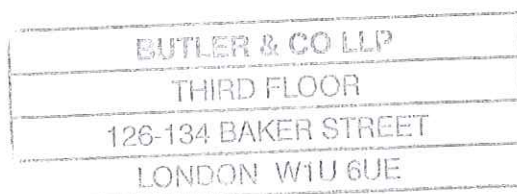
Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is 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.

**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**



Effective January 1, 2019, the company has applied IFRS 15 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. IFRS 15 replaces IAS 18 Revenue and IAS 11 Construction Contracts. The company has adopted IFRS 15 using the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted and it continues to be reported under IFRS 15 and IFRS 15. 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 IFRS 15. 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.

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

## 2.6 (a) Functional and presentation currency

The local accounts are maintained in local and functional currency, which is GBP

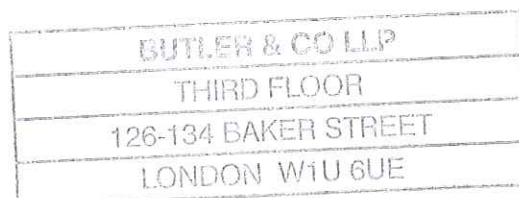
### (b) Foreign currency

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 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 when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

### (c) Foreign Branches

In respect of the foreign branches, being integral foreign operations, all revenues and expenses (except depreciation) during the year are reported at average rate prevailing during the period. Monetary assets and liabilities are restated at the year-end exchange rate. Non-monetary assets and liabilities are stated at the rate prevailing on the date of the transaction. Balance in 'head office' account whether debit or credit is translated at the amount of the balance in the 'foreign branch' account in the books of the head office. Net gain / loss on foreign currency translation is recognized in the Statement of Profit and Loss.



**HEXAWARE TECHNOLOGIES UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**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.

**2.8 Employee Benefits**

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

Company's contribution to defined contribution retirement schemes viz. contribution to National Insurance and Pension Contribution are expensed as incurred

The service cost (including past service cost as well as gains and losses on settlement and curtailments) and net interest expenses or income is recognised as employee benefits expense in the profit or 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 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 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.

**2.10 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

Improvement to Leasehold Premises are amortised over the lease period or useful life of 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.

**2.11 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

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.

**2.12 Impairment**

**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.

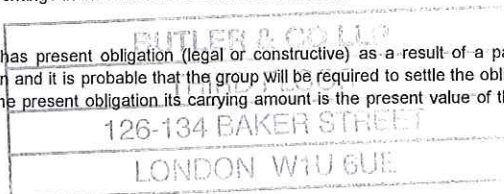
**b) Non-financial assets**

**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.

**2.13 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 group 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 UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**2.14 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.

**a) 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.

**(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**

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.

**2.15 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.

**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) IFRS 16 – Leases**

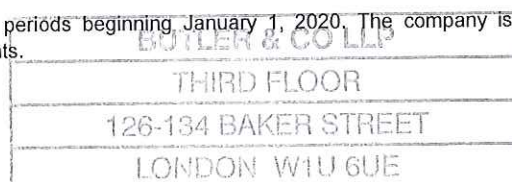
IFRS 16 replaces the existing leases Standard, IFRS 17 Leases, and related interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. The standard introduces a single lessee accounting model and requires a lessee to recognize assets 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 IFRS 16 is annual periods beginning January 1, 2020.

**b) IFRS 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 IFRS 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 IFRS 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.



**HEXAWARE TECHNOLOGIES UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**4 Property, Plant and Equipment (PPE)**

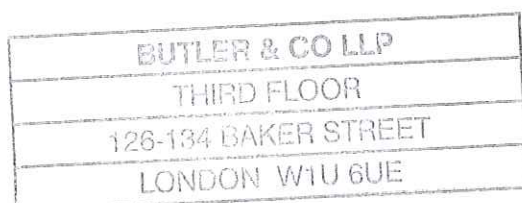
PPE consist of the following:

Curr: GBP

	<u>Plant and Machinery</u>	<u>Furniture and Fixtures</u>	<u>Office Equipment</u>	<u>Leasehold Improvements</u>	<u>Total</u>
<b>COST</b>					
At January 1, 2019	124,332	24,840	12,015	76,900	238,087
Additions	135,881	-	3,064	-	138,945
Disposals					-
At December 31, 2019	<u>260,213</u>	<u>24,840</u>	<u>15,079</u>	<u>76,900</u>	<u>377,032</u>
<b>ACCUMULATED DEPRECIATION</b>					
At January 1, 2019	91,208	18,977	9,372	67,238	186,795
Charge for the year	47,590	1,046	2,328	9,662	60,626
Disposals					-
At December 31, 2019	<u>138,798</u>	<u>20,023</u>	<u>11,700</u>	<u>76,900</u>	<u>247,421</u>
<b>NET CARRYING AMOUNT</b>					
At December 31, 2019	<u>121,415</u>	<u>4,817</u>	<u>3,379</u>	<u>-</u>	<u>129,611</u>
<hr/>					
<b>COST</b>					
At January 1, 2018	84,726	24,840	12,015	76,900	198,481
Additions	39,606	-	-	-	39,606
Disposals					-
At December 31, 2018	<u>124,332</u>	<u>24,840</u>	<u>12,015</u>	<u>76,900</u>	<u>238,087</u>
<b>ACCUMULATED DEPRECIATION</b>					
At January 1, 2018	73,564	17,931	7,265	50,676	149,436
Charge for the year	17,643	1,046	2,107	16,563	37,359
Disposals					-
At December 31, 2018	<u>91,207</u>	<u>18,977</u>	<u>9,372</u>	<u>67,239</u>	<u>186,795</u>
<b>NET CARRYING AMOUNT</b>					
At December 31, 2018	<u>33,125</u>	<u>5,863</u>	<u>2,643</u>	<u>9,661</u>	<u>51,292</u>

Note:

i) Plant and machinery includes computer systems



**HEXAWARE TECHNOLOGIES UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

Curr: GBP

**5 Intangible assets**

Intangible assets consist of the following:

**COST**

At January 1, 2019

Additions

Disposals

At December 31, 2019

**ACCUMULATED AMORTISATION**

At January 1, 2019

Amortisation for the year

Disposals

At December 31, 2019

**NET CARRYING AMOUNT**

At December 31, 2019

**COST**

At January 1, 2018

Additions

Disposals

At December 31, 2018

**ACCUMULATED AMORTISATION**

At January 1, 2018

Amortisation for the year

Disposals

At December 31, 2018

**NET CARRYING AMOUNT**

At December 31, 2018

**Software**  
**licenses**

50,591

-

50,591

43,845

3,596

47,441

3,150

45,002

5,590

50,592

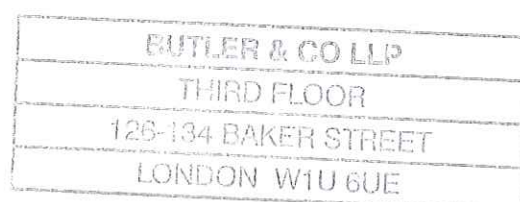
38,045

5,801

43,846

6,746

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



**HEXAWARE TECHNOLOGIES UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

<b>6 Investments</b>		Curr: GBP
<b>Non Current Investments Carried at cost</b>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
<u>Investments in equity instruments of subsidiaries</u>		
10125 EQUITY SHARES OF RON 10/- EACH FULLY PAID UP, in HEXAWARE TECHNOLOGIES ROMANIA SRL., ROMANIA	19,514	19,514
	<u>19,514</u>	<u>19,514</u>

<b>7 Other financial assets (unsecured) (considered good)</b>		Curr: GBP
<b>A Non-current</b>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Restricted bank balances (a)	75,000	75,000
Security deposits for premises and others	4,282	4,282
	<u>79,282</u>	<u>79,282</u>

(a) Restriction on account of bank deposits held as margin money.

<b>B Current</b>		Curr: GBP
	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Loans and advances to related parties (a) (Refer note no.21)	5,356,474	1,020,110
Employee advances	369,821	228,603
	<u>5,726,295</u>	<u>1,248,713</u>

(a) Exclude advances given to subsidiary Hexaware Technologies Romania SRL aggregating GBP 1,371,776 and GBP 1,409,636 provided as doubtful of recovery basis the expected credit loss model as of December 31, 2019 and December 31, 2018 respectively.

<b>8 Other assets (unsecured)</b>		Curr: GBP
<b>Current</b>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Prepaid Expenses	531,263	281,408
Others	27,972	(40)
	<u>559,235</u>	<u>281,368</u>

<b>9 Trade Receivables (unsecured)</b>		Curr: GBP
	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Considered good	11,793,406	8,824,561
Considered doubtful	297,837	231,334
Less: Allowance for doubtful receivables basis the expected credit loss model	(297,837)	(231,334)
	<u>11,793,406</u>	<u>8,824,561</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:

		Curr: GBP
	<u>March 31, 2019</u>	<u>December 31, 2018</u>
Not due	6,328,501	4,248,494
Due less than 180 days	5,105,796	4,660,480
Due greater than 180 days	232,998	146,921
	<u>11,667,295</u>	<u>9,055,895</u>

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Average age (days)	<u>72</u>	<u>71</u>
--------------------	-----------	-----------

**Movement in allowance for doubtful receivables**

Balance at the beginning of the year	231,334	66,844
Expense for the year	554,950	361,719
Amounts recovered during the year	(488,447)	(197,229)
Written-off during the year	<u>-</u>	<u>-</u>
Balance at the end of the year	<u>297,837</u>	<u>231,334</u>

**10 Cash and cash equivalents**

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Remittance in transit	-	-
In current accounts with banks	254,163	4,282,796
Margin money with banks	75,000	75,000
Less: Restricted bank balances	(75,000)	(75,000)
	<u>254,163</u>	<u>4,282,796</u>

**11 Other financial liabilities**

**Current**

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Employee liabilities Payable	1,452,578	1,231,477
Accrued expenses	5,627,344	4,391,992
	<u>7,079,922</u>	<u>5,623,469</u>

**12 Other liabilities**

**Current**

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Unearned revenues	183,133	668,578
Statutory liabilities	1,242,319	1,235,994
	<u>1,425,452</u>	<u>1,904,572</u>

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NOTES TO THE FINANCIAL STATEMENTS

13 The reconciliation of estimated income tax expense at the relevant income tax rate to the income tax expenses reported in statement of profit and loss is as follows:

	For year ended <u>December 31, 2019</u>	Curr: GBP For year ended <u>December 31, 2018</u>
(Loss) /Profit before income-tax	754,354	(1,007,368)
Expected tax expense at the enacted tax rate of 19% in UK (2018- 19%)	143,327	(191,400)
<i>Tax effect of adjustments to reconcile expected income tax expense to reported</i>		
<i>Expenses not deductible for tax purposes</i>	-	212,190
Excess of capital allowance over depreciation	# -	1,116
Expenses disallowed for tax purposes	# -	8,763
Other adjustments	189,673	267,831
	<u>333,000</u>	<u>298,500</u>

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**NOTES TO THE FINANCIAL STATEMENTS**

**14 Equity Share Capital**

Curr: GBP

14.1 Authorised capital

11,000,000 EQUITY SHARES OF GBP 1/- EACH.

11,000,000

14.2 Issued, subscribed and paid-up capital

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
	Amount in GBP	Amount in GBP
2,167,000 EQUITY SHARES OF GBP 1/- EACH FULLY PAID	<u>2,167,000</u>	<u>2,167,000</u>

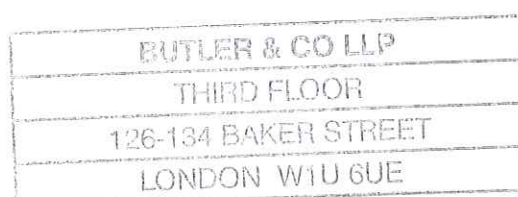
There is no movement in the share capital during the year ended December 31st 2019 & December 31st 2018

14.3 Rights, preferences and restrictions attached to equity shares

The Company has one class of equity shares having a par value of GBP. 1 each. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. 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.

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

<u>Name of Shareholder</u>		<u>December 31, 2019</u>	<u>December 31, 2018</u>
Hexaware Technologies Limited, India (Holding Company)	No. of shares held	2,167,000	2,167,000
	% of holding	100%	100%



15 Revenue from Operations

15.1 The disaggregated revenue with the customers for the year ended 31 December 2019 by contract type:

	For Year ended	
	December 31, 2019	December 31, 2018
Time and Materials contracts	32,893,096	27,775,012
Others	26,585,690	18,848,679
<b>Total Revenue from operations</b>	<b>59,478,785</b>	<b>46,623,690</b>

15.2 The revenue from contracts as per geography for the year ended 31 December 2019 is as under:

	For Year ended	
	December 31, 2019	December 31, 2018
UK	36,953,722	31,238,724
Rest of the world	22,525,063	15,384,966
<b>Total revenue from operations</b>	<b>59,478,785</b>	<b>46,623,690</b>

15.3 Reconciliation of revenue recognised with the contracted price is as follows:

	For Year ended	
	December 31, 2019	December 31, 2018
Contracted price	58,752,150	46,768,751
Reductions towards variable consideration components (discounts, rebate etc.)	726,635.00	-
<b>Revenue recognised</b>	<b>59,478,785</b>	<b>46,623,690</b>

15.4 Changes in unearned revenue are as follows:

	For Year ended	
	December 31, 2019	December 31, 2018
Balance as at 1 January 2018	668,578	55,607
Revenue recognised that was included in the unearned revenue balance at the beginning of the year	-659,934	-55,607
Increase due to invoicing during the year, excluding revenue recognised as revenue during the year	174,489	668,578
<b>Balance as at 31 December 2019</b>	<b>183,133</b>	<b>668,578</b>

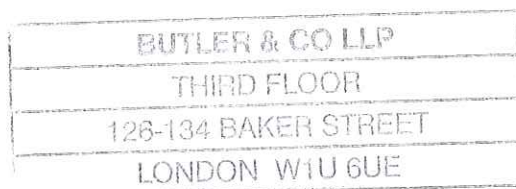
15.5 Changes in unbilled revenue are as follows:

	For Year ended	
	December 31, 2019	December 31, 2018
Balance as at 1 January 2018	3,659,734	1,122,708
Invoices raised during the year that was included in the unbilled revenue balance at the beginning of the year	-3,419,952	-1,122,708
Revenue recognised during the year for which the contractual right to receive consideration is not due at the end of the year	5,013,275	3,659,734
<b>Balance as at 31 December 2019</b>	<b>5,253,057</b>	<b>3,659,734</b>

Transaction price allocated to the remaining performance obligation:

Particulars	As at 31, December 2019
Within 1 Year	13453440
More than 1 Year	27816149

The Group has applied practical expedient and has not disclosed information about remaining performance obligations in contracts where the original contract duration is one year or less or where the entity has the right to consideration that corresponds directly with the value of entity's performance completed to date. The above revenue is subject to change in transaction price.





**HEXAWARE TECHNOLOGIES UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

		Curr: GBP	
		For year ended	
16 Other income		<u>December 31, 2019</u>	<u>December 31, 2018</u>
Dividend received	-		5,164
Interest income	5,306		3,907
Miscellaneous income	-		3,517
		<hr/>	<hr/>
		<u>5,306</u>	<u>12,588</u>

		Curr: GBP	
		For year ended	
17 Software and Development Expenses		<u>December 31, 2019</u>	<u>December 31, 2018</u>
Consultant travel and related expenses	4,989,059		4,067,987
Software expenses *	34,176,592		26,878,575
		<hr/>	<hr/>
		<u>39,165,651</u>	<u>30,946,562</u>
* includes sub- contracting charges		32,542,152	24,995,573

		Curr: GBP	
		For year ended	
18 Employee benefits expense		<u>December 31, 2019</u>	<u>December 31, 2018</u>
Salary and allowances	13,332,096		10,858,602
Contribution to provident and other funds	1,742,055		1,416,972
Staff welfare expenses	180,037		90,208
		<hr/>	<hr/>
		<u>15,254,188</u>	<u>12,365,782</u>

		Curr: GBP	
		For year ended	
19 Operation and Other Expenses		<u>December 31, 2019</u>	<u>December 31, 2018</u>
Rent	393,081		335,702
Rates and taxes	59,629		58,293
Travelling and conveyance	971,746		747,712
Electricity charges	12,206		6,671
Communication expenses	108,032		98,705
Repairs and maintenance	169,084		95,687
Printing and stationery	5,583		6,351
Auditors remuneration	26,400		25,900
Legal and professional fees	229,588		266,571
Advertisement and business promotion	729,663		481,651
Bank and other charges	46,383		35,845
Insurance charges	51,969		64,397
Provision for doubtful accounts (net of write back)*	66,502		164,491
Provision for Advances write off	-		1,409,636
Staff recruitment expenses	147,208		114,328
Service charges	385,798		372,449
Miscellaneous expenses	86,749		126,524
Loss on redemption of Investments	-		885
		<hr/>	<hr/>
		<u>3,489,621</u>	<u>4,411,798</u>
*net of write back		328,604	197,229

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**HEXAWARE TECHNOLOGIES UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**20 Financial Instruments**

**20.1 Financial Instruments by category**

The carrying value / fair value of financial instruments (excluding investment in subsidiaries) by categories is as follows:

**Curr: GBP**

<b>December 31, 2019</b>	<b>Amortised Cost</b>	<b>Fair value through other comprehensive income</b>	<b>Fair value through P &amp; L</b>	<b>Total carrying / fair value</b>
Cash and cash equivalents	254,163	-	-	254,163
Trade receivables	11,793,406	-	-	11,793,406
Unbilled revenue	5,253,057	-	-	5,253,057
Other financial assets	5,805,577	-	-	5,805,577
	<b>23,106,203</b>	<b>-</b>	<b>-</b>	<b>23,106,203</b>
Trade payables	9,107,414	-	-	9,107,414
Other financial liabilities	7,079,922	-	-	7,079,922
	<b>16,187,336</b>	<b>-</b>	<b>-</b>	<b>16,187,336</b>

**Curr: GBP**

<b>December 31, 2018</b>	<b>Amortised Cost</b>	<b>Fair value through other comprehensive income</b>	<b>Fair value through P &amp; L</b>	<b>Total carrying / fair value</b>
Cash and cash equivalents	4,282,796	-	-	4,282,796
Trade receivables	8,824,561	-	-	8,824,561
Unbilled revenue	3,659,734	-	-	3,659,734
Other financial assets	1,327,995	-	-	1,327,995
	<b>18,095,086</b>	<b>-</b>	<b>-</b>	<b>18,095,086</b>
Trade payables	5,563,292	-	-	5,563,292
Other financial liabilities	5,623,469	-	-	5,623,469
	<b>11,186,761</b>	<b>-</b>	<b>-</b>	<b>11,186,761</b>

Carrying amount of cash and cash equivalents, trade receivables, unbilled revenue, trade payables, other financial assets and liabilities approximate the fair value because of their short term nature. Difference between carrying amounts and fair values of other financial assets and liabilities subsequently measured at amortised cost is not significant in each of the period presented.

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**20 Financial Instruments (Cont'd)**

**20.2 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 global CEO and CFO, after consultation with all business units, functions and department heads.

**(i) Client concentration risk**

52% of the revenue of 2019 is generated from top 10 clients. 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.

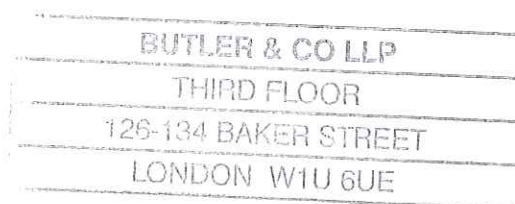
**(ii) Credit risk**

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 GBP 11,793,406 and GBP 8,824,561 as at December 31, 2019 and December 31, 2018 respectively and unbilled revenue of GBP 5,253,057 and GBP 3,659,734 as at December 31, 2019 and December 31, 2018 respectively.

We have adopted an effective receivable management system to control the Days' Sales Outstanding (DSO). Our DSO including unbilled revenue is 104 days and 100 days as on December 31, 2019 and December 31, 2018. Refer Note No.9 for the age wise analysis of trade receivables that are not due as well as past due and allowance for the doubtful receivables. The company manages its credit risk through rigorous debt collection procedures.

Top 10 customer dues contribute 53% of the total outstanding as at December 31, 2019.

Cash and cash equivalents include deposits with banks.



**HEXAWARE TECHNOLOGIES UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

20 Financial Instruments (Cont'd)

20.2 Financial risk management (Cont'd)

(iii) Foreign Currency fluctuations Risk

The company's transactions are predominantly in Pound Sterling and incurs foreign currency risk on transactions that are denominated by currency other than Pound Sterling such as USD & Euro. The company do not hedge any currency exposures.

Curr: GBP

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

	<u>USD</u>	<u>EUR</u>	<u>AED</u>	<u>SEK</u>	<u>DKK</u>
Net financial assets	1,982,010	3,098,640	-	-	101,378
Net financial liabilities	65,543	12,436	9,501.00	-	-
Net assets/(liabilities)	<u>1,916,467</u>	<u>3,086,204</u>	<u>(9,501)</u>	<u>-</u>	<u>101,378</u>

Curr: GBP

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

	<u>USD</u>	<u>EUR</u>	<u>AED</u>	<u>SEK</u>	<u>DKK</u>
Net financial assets	1,060,899	4,050,628	-	27,611	-
Net financial liabilities	118,130	2,759	-	-	-
Net assets/(liabilities)	<u>942,769</u>	<u>4,047,869</u>	<u>-</u>	<u>27,611</u>	<u>-</u>

10% depreciation/appreciation 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 GBP 509,455 and GBP 501,825 for the year ended December 31, 2019, 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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**HEXAWARE TECHNOLOGIES UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

20 Financial Instruments (Cont'd)

(iv) 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 improving its DSO and maintaining high cash / bank balance and investments.

As at December 31, 2019, the Company had total cash / bank balance and investments of GBP 254,163 which constitutes approximately 1% of total assets. The Company does not have any debts and thus manages its liquidity mainly through funds generated from operations.

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

	Curr: GBP		
<u>As at December 31, 2019</u>	<u>Less than 1</u> <u>year</u>	<u>1-2 years</u>	<u>Total</u>
Trade payables	9,107,414	-	9,107,414
Others (Refer note 11)	7,079,922	-	7,079,922
<b>Total</b>	<b>16,187,336</b>	<b>-</b>	<b>16,187,336</b>

	Curr: GBP		
<u>As at December 31, 2018</u>	<u>Less than 1</u> <u>year</u>	<u>1-2 years</u>	<u>Total</u>
Trade payables	5,563,292	-	5,563,292
Others (Refer note 11)	5,623,469	-	5,623,469
<b>Total</b>	<b>11,186,761</b>	<b>-</b>	<b>11,186,761</b>

(v) Interest rate risk

The Company does not have any debt. The balances with banks and financial institution is in the form of fixed interest rate deposits. Hence, the Company is not significantly exposed to interest rate risk.

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**HEXAWARE TECHNOLOGIES UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**21 Earnings per share**

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

	For year ended	
	December 31, 2019	December 31, 2018
Net profit / (Loss) after tax ( In GBP)	421,354	(1,305,868)
Weighted average outstanding equity shares considered for basic EPS (Nos.)	2,167,000	2,167,000
Basic and diluted earnings per share (In GBP)	0.19	(0.60)

**22 Related party disclosures**

**( a ) 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 (control exists)

**Holding Company (control exists)**

Hexaware Technologies Limited, India (control exists)

**Fellow Subsidiaries**

Hexaware Technologies Inc., USA.  
 Hexaware Technologies Asia Pacific Pte Ltd, Singapore  
 Hexaware Technologies Mexico S de RL De CV, Mexico  
 Hexaware Technologies GmbH, Germany  
 Hexaware Technologies Canada Ltd, Canada  
 Hexaware Technologies Nordic AB, Sweden

**Subsidiaries**

Hexaware Technologia do Brasil Ltda, Brazil  
 Hexaware Technologies Romania SRL, Romania

**Key Management Personnel**

Mr Amrinder Singh



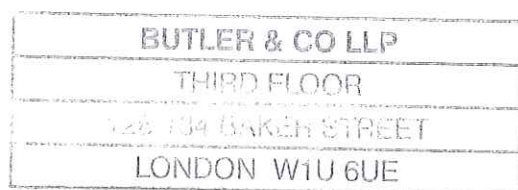
**( b ) Related Party Transactions**  
**Transactions**

Sr No	Particulars	Nature of relationship	For year ended	
			December 31, 2019	December 31, 2018
			GBP	GBP
1	Expenditure - Receiving of services	Holding Company	21,322,447	17,322,234
		Fellow Subsidiaries Hexaware Technologies Mexico S de RL De CV, Mexico	52,909	-
		Subsidiaries Key Management Personnel Amrinder Singh	389,640	373,380
2	Expenditure - Reimbursement of Costs	Holding Company	3,811,014	3,274,141
		Fellow Subsidiaries Hexaware Technologies Inc	591,086	295,796
		Hexaware Technologies GmbH	60,423	40,480
		Hexaware Technologies Asia Pacific Pte Ltd	4,173	-
		Hexaware Technologies Canada Ltd	-	2,136

3	Software and Consultancy Income (Rendering of Services)	<b>Fellow Subsidiaries</b> Hexaware Technologies Asia Pacific Pte Ltd Hexaware Technologies Nordic AB	- 736,910	8,423 669,358
4	Loans given	<b>Subsidiaries</b> Hexaware Technologies Inc	4,500,000	-
5	Recovery of Cost	<b>Holding Company</b> <b>Fellow Subsidiaries</b> Hexaware Technologies Inc Hexaware Technologies Asia Pacific Pte Ltd Hexaware Technologies GmbH Hexaware Technologies Nordic AB <b>Subsidiaries</b> Hexaware Technologies Romania SRL	285,953 2,856,168 278,640 1,755 40,709 251,611	172,795 2,673,372 292,340 708 9,916 500,585

(C) Outstanding Balances:

Sr No	Particulars	Nature of relationship	As at	
			December 31, 2019	December 31, 2018
			GBP	GBP
1	Advances	<b>Holding Company</b> <b>Fellow Subsidiaries</b> Hexaware Technologies Inc Hexaware Technologies Asia Pacific Pte Ltd, Singapore Hexaware Technologies Nordic AB	224,144 599,560 21,160 11,610	89,247 895,233 35,630 -
2	Loans Receivables	<b>Subsidiaries</b> Hexaware Technologies Inc	4,500,000	-
3	Trade receivable	<b>Fellow Subsidiaries</b> Hexaware Technologies Nordic AB	423,948	-
4	Trade and other payables towards services and reimbursement of cost	<b>Holding Company</b> <b>Fellow Subsidiaries</b> Hexaware Technologies GmbH Hexaware Technologies Mexico S de RL De CV, Mexico <b>Subsidiaries</b> Hexaware Technologies Romania SRL (net of provision)	9,546,349 1,212,917 7,547 37,860	6,096,508 - -
5	Investment in Equity	<b>Subsidiaries</b> Hexaware Technologies Romania SRL, Romania	19,514	19,514



**HEXAWARE TECHNOLOGIES UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**23 Segment disclosures**

A. The reportable business segments have been identified taking into account the services offered to customers globally operating in different industry segments, differing risks and returns, the organizational and the internal reporting systems. The Company's organization structure reflects the industry segmentation. Following are the business segments:

- (i) Travel and Transportation (T & T)
- (ii) Banking and financial services (BFS)
- (iii) Healthcare and Insurance (H & I)
- (iv) Manufacturing, Consumer and Others (MC&O)
- (v) Professional services (PS)

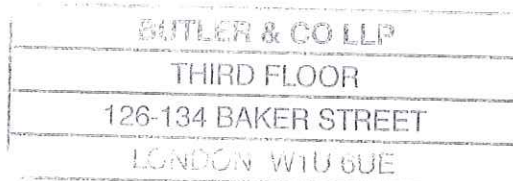
The Chief Operating Decision Maker evaluates the Company's performance and allocates resources based on analysis of various performance indicators by business segments.

Revenues and expenses directly attributable to segments are reported under each reportable business segment. Common expenses which are not directly identifiable to each reporting segment have been allocated to each reporting segment on the basis of associated revenues of the segment. All other expenses which are not attributable or allocable to segments have been disclosed as unallocable expenses.

Assets and liabilities used in the company operations have not been identified to any of the reportable business segments as the assets are used interchangeably between segments and it is not practicable to reasonably allocate the liabilities to individual segments. Accordingly, no disclosure relating to segment assets and segment liabilities are made.

<u>year ended December 31, 2019</u>	<u>T &amp; T</u>	<u>BFS</u>	<u>H &amp; I</u>	<u>MC&amp;O</u>	<u>PS</u>	<u>Curr: GBP Total</u>
Revenue	8,438,214	7,104,691	31,081,429	9,653,913	3,200,538	59,478,785
Expenses	(8,215,575)	(6,917,237)	(30,261,357)	(9,399,198)	(3,116,093)	(57,909,460)
Segment Loss	222,639	187,454	820,072	254,715	84,445	1,569,325
Less: Depreciation						64,222
Less: Exchange rate differences						756,055
Add: Other income						5,306
Profit Before Tax						754,354
Less: Tax expense						333,000
Profit after tax						421,354

<u>year ended December 31, 2018</u>	<u>T &amp; T</u>	<u>BFS</u>	<u>H &amp; I</u>	<u>MC&amp;O</u>	<u>PS</u>	<u>Curr: GBP Total</u>
Revenue	5,368,042	7,935,608	23,130,373	8,167,670	2,021,997	46,623,690
Expenses	(5,494,744)	(8,122,911)	(23,676,315)	(8,360,451)	(2,069,721)	(47,724,142)
Segment Profit	(126,702)	(187,303)	(545,942)	(192,781)	(47,724)	(1,100,452)
Less: Depreciation						43,160
Less: Exchange rate differences						(123,656)
Add: Other income						12,588
Loss Before Tax						(1,007,368)
Less: Tax expense						298,500
Loss after tax						(1,305,868)





**HEXAWARE TECHNOLOGIES UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**23 Segment disclosures (Cont'd)**  
**B Geographic disclosures**

The Company operates mainly in European markets and in the opinion of the Management has only one reportable geographical segment, the results of which are disclosed in the financial statements.

**24 Operating Lease**

The Company takes on lease office space, accommodation for its employees and vehicles under various operating leases ranging from one month to five years. The lease rentals towards operating lease agreement recognized in the Statement of Profit and loss for the year are GBP 393,081 (Previous Year GBP 335,702).

	Total minimum lease payments outstanding as on 31st December 2019	Total minimum lease payments outstanding as on 31st December 2018
	GBP	GBP
Not later than one year	135,412	110,775
Later than one year but not later than five years	907,217	-
Later than five years	-	-
<b>Total</b>	<b>1,042,629</b>	<b>110,775</b>

**25 Employee benefit plans**

The Company recognized GBP 1,551,088 /- (December 31, 2018, GBP 1,222,589 /-) for National Insurance contributions (which include amongst others contributions to state pension schemes) in the Statement of profit and loss. The contributions payable to these plans by the company are at rates specified in the rules of the schemes.

**26 Material events after Balance Sheet date**

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

**27 Approval of the financial statements**

The financial statements were approved for issue by the Board of Directors on

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