

HEXAWARE TECHNOLOGIES UK LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

HEXAWARE TECHNOLOGIES UK LIMITED

COMPANY INFORMATION

Directors	Amrinder Singh Srikrishna Ramakarthikeyan Parameshwaran Iyer (appointed 23 June 2023) Shashank Sivakumar (appointed 25 January 2024) Augustine Kuthokathen (appointed 25 January 2024)
Company secretary	Shashank Sivakumar
Registered number	3647007
Registered office	Level 19 40 Bank Street London E14 5NR
Independent auditors	Menzies LLP Chartered Accountants & Statutory Auditor Lynton House 7-12 Tavistock Square London WC1H 9LT

HEXAWARE TECHNOLOGIES UK LIMITED

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HEXAWARE TECHNOLOGIES UK LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

The directors present their strategic report for the year ended 31 December 2023.

Review of business

Revenue for the year amounted to £147,955,720 an increase of 10.79% from 2022 (2022: +31.78%).

The Company's office is at Canary Wharf, London, UK. It has branches in Latvia, Estonia, Norway and Poland to serve its local customers.

The Directors were pleased with the performance of the Company. The Company's aggressive sales strategies have helped increase the revenues during the year. The Company continued focus on a healthy blend of on-site and offshore models of delivery and provides solution-based delivery to its clients. The revenue growth was achieved from volume and new customer acquisitions, adopting the Group's purpose of "To create smiles through people and technology".

Financial key performance indicators

IFRS

Year ended	Turnover	EBITDA	Net profits after tax	Net cashflow	Net assets
2023	147,955,720	5,873,993	4,420,759	10,930,263	18,577,748
2022	133,543,106	5,011,097	4,099,138	12,429,978	14,156,989
2021	101,338,585	3,884,016	2,892,867	(17,644,778)	10,057,851

FRS 102

2021	101,338,585	3,868,289	2,898,409	(17,644,778)	10,202,391
2020	75,594,369	2,933,338	2,322,982	22,024,259	7,303,982
2019	59,478,785	818,576	421,354	(4,028,632)	4,981,090
2018	46,623,690	(964,208)	(1,305,868)	1,657,208	4,559,736

Principal risks and uncertainties

The company's financial instruments comprise cash and liquid resources, balances with group undertakings and various items such as trade debtors, trade creditors etc, that arise directly from its operations. The company's activities expose it to various risks like foreign currency risk and interest rate risk, credit risk and liquidity risk. The company's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the company's financial performance.

Foreign currency risk:

The company's transactions are predominantly in Pound Sterling and incurs foreign currency risk on transactions that are denominated in currency other than Pound Sterling, such as Euro, Polish Zloty and United States Dollars. The company does not hedge any currency exposures.

Interest rate risk:

The company finances its operations through retained profits. The company has no significant exposure to market risk for changes in interest rates.

Liquidity risk:

The company has no overdraft facilities or requirement, and manages its liquidity risk mainly through funds generated from operations.

HEXAWARE TECHNOLOGIES UK LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023**

Credit risk:

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. Any delay, default or inability on the part of the client to pay on time will expose the Company to credit risk and can impact profitability. A default is the inability of the customer to pay due to them not engaging with the payment plan. The major classes of financial assets of the company are bank deposits, trade receivables and amounts owed by group companies. The company manages its credit risk thorough credit checks, and rigorous debt collection procedures.

Engagement with employees

Our staff are the key to providing a cost effective and efficient service to customers. There is employee engagement through staff reviews, employee forums, project meetings and rewards structures.

Engagement with suppliers, customers and others**Suppliers:**

Strong and reliable supplier relationships are vital to enable us to provide an efficient service to customers. Regular assessments of protocols in procurement and outsourcing are done. There is adherence to anti-slavery Policy.

Customers:

They are the reasons why we exist. Understanding their needs is key to our long term success. The management receives regular information on customer requirements and customer feedback and monitors these metrics.

Communities:

Our customers and staff are part of the UK and global community we operate in. A reputation of being ethical, diverse and eco-friendly is vital to our success. The management encourages the use of eco-friendly work policies. The board regularly monitors company policies for matters like diversity and ethical behaviour.

Regulators:

We are not subject to specific protocols in terms of a defined Regulator. However, compliance in all statutory matters is a culture that provides good governance. The management reviews regular updates on all compliance issues and time limits.

Shareholders:

We are part of a group that is ultimately controlled by PE firm shareholders. The management provides regular updates to the Group Board on all matters that impact this company.

Long term sustainability:

The long-term sustainability of the Company is at the forefront of decision-making, particularly in response to the challenging business conditions. The management aims to balance the need of the employees, the customers and other stakeholders to ensure good and healthy relationship. The management aims to make sufficient profit to sustain the entity's commercial vitality.

HEXAWARE TECHNOLOGIES UK LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

Directors' statement of compliance with duty to promote the success of the Company

We report here on how the Company's directors have performed their duty under Section 172 (S.172) of the Companies Act 2006. S.172 sets out a series of matters to which the directors' must have regard in performing their duty to promote the success of the Company for the benefits of its shareholders while also having due regard to other stakeholders.

Section 172(1) statement and statements on engagement with employees, suppliers, customers and others

Stakeholder	Why they are important to us	Our approach
Customers	They are the reasons why we exist. Understanding their needs is key to our long-term success	Management receives regular information on customer requirements and customer feedback and monitors these metrics.
Our people	Our staff are the key to providing a cost effective and efficient service to customers	There is employee engagement through staff reviews, employee forums, project meetings and rewards structures.
Suppliers	Strong and reliable supplier relationships are vital to enable us to provide an efficient service to customers	Regular assessments of protocols in procurement and outsourcing are done. There is adherence to anti-bribery and anti-slavery policies.
Communities	Our customers and staff are part of the UK and global community we operate in. A reputation of being ethical, diverse and eco- friendly is vital to our success.	Management encourages the use of eco-friendly work policies. The board regularly monitors company policies for matters like diversity and ethical behaviour.
Regulators	We are not subject to specific protocols in terms of a defined Regulator. However, compliance in all statutory matters is a culture that provides good governance.	Management reviews regular updates on all compliance issues and time limits.
Shareholders	We are part of a Group that is ultimately controlled by PE firm shareholders.	Management provides regular updates to the Group Board on all matters that impact this company.
Long term sustainability	The long-term sustainability of the Company is at the forefront of decision-making, particularly in response to the challenging business conditions.	Management aims to balance the need of the employees, the customers and other stakeholders to ensure good and healthy relationship. The management aims to make sufficient profit to sustain the entity's commercial vitality.

This report was approved by the board and signed on its behalf.

Parameshwaran Iyer
Parameshwaran Iyer
Director

Date: 17 May 2024 | 4:18:00 PM BST

HEXAWARE TECHNOLOGIES UK LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023**

The directors present their report and the financial statements for the year ended 31 December 2023.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements, in accordance with applicable law.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the UK.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the UK, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Principal activity

The principal activity of the company in the year under review was that of Software development and IT consultancy services.

Results and dividends

The profit for the year, after taxation, amounted to £4,420,759 (2022 - £4,099,138).

The directors have not proposed a dividend for the year ended 31 December 2023.

Directors

The directors who served during the year were:

Amrinder Singh
Srikrishna Ramakarthikeyan
Parameshwaran Iyer (appointed 23 June 2023)

Qualifying third party indemnity provisions

Under the provisions of its Articles of Association, the Company grants an indemnity to its directors in respect of proceedings brought by third parties. The indemnity applied throughout the financial year and remains in force.

HEXAWARE TECHNOLOGIES UK LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

Matters covered in the Strategic Report

Details of the principal risks faced by the Company, financial risk management objectives, engagements with employees, suppliers, customers and others have been disclosed in the strategic report.

Disabled employees

The Company recognises its responsibilities towards disabled persons and gives full and fair consideration to applicants to positions suited to their own particular abilities where appropriate openings exist. Where employees become disabled in the course of their employment, every effort is made to provide them with continuing employment.

Greenhouse gas emissions, energy consumption and energy efficiency action

The Company has not disclosed information in respect of greenhouse gas emissions, energy consumption and energy efficiency action as its energy consumption in the United Kingdom for the year is 40,000kWh or lower.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This report was approved by the board and signed on its behalf.

Parameshwaran Iyer

Parameshwaran Iyer
Director

Date: 17 May 2024 | 4:18:00 PM BST

HEXAWARE TECHNOLOGIES UK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HEXAWARE TECHNOLOGIES UK LIMITED

Opinion

We have audited the financial statements of Hexaware Technologies UK Limited for the year ended 31 December 2023 which comprise the Statement of Profit or Loss, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies set out on pages 16 - 21. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the United Kingdom; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. responsibilities under those standards are further described in the auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditors' report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

HEXAWARE TECHNOLOGIES UK LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HEXAWARE TECHNOLOGIES UK LIMITED
(CONTINUED)**

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation. We determined that the following laws and regulations were most significant including:

- Companies Act 2006
- IFRSs
- UK Tax Legislation

We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

HEXAWARE TECHNOLOGIES UK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HEXAWARE TECHNOLOGIES UK LIMITED (CONTINUED)

We understood how the Company is complying with those legal and regulatory frameworks by, making inquiries to management, those responsible for legal and compliance procedures.

The engagement partner assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognize non-compliance with laws and regulations. The assessment did not identify any issues in this area.

We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:

- Identifying and assessing the design effectiveness of measures management has in place to prevent and detect fraud;
- Understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
- Challenging assumptions and judgements made by management in its significant accounting estimates;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and

As a result of the above procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas:

- Posting of unusual journal entries
- Stage of completion for projects where revenue is recognised over time.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of our report

This report is made his report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Ralph Mitchison

Ralph Mitchison FCA (Senior statutory auditor)

for and on behalf of
Menzies LLP

Chartered Accountants
Statutory Auditor

Lynton House
7-12 Tavistock Square
London
WC1H 9LT

Date: 21 May 2024 | 5:46:01 PM BST

HEXAWARE TECHNOLOGIES UK LIMITED

**STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Note	2023 £	2022 £
Revenue	6	147,955,720	133,543,106
Cost of sales		(119,196,748)	(112,732,104)
Gross profit		28,758,972	20,811,002
Other operating income		623	-
Administrative expenses		(23,308,575)	(16,114,594)
Profit from operations		5,451,020	4,696,408
Finance income	10	821,798	379,833
Finance expense	10	(34,128)	(11,003)
Profit before tax		6,238,690	5,065,238
Tax expense	11	(1,817,931)	(966,100)
Profit for the year		4,420,759	4,099,138

The notes on 14 to 37 form part of these financial statements.

HEXAWARE TECHNOLOGIES UK LIMITED
REGISTERED NUMBER: 3647007

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Note	2023 £	2022 £
Assets			
Non-current assets			
Property, plant and equipment	12	972,456	644,107
Investments	13	133,515	133,515
Trade and other receivables	15	461,116	196,805
		<u>1,567,087</u>	<u>974,427</u>
Current assets			
Contract assets	16	802,696	2,319,841
Trade and other receivables	15	28,359,613	46,074,938
Cash and cash equivalents	25	28,222,019	17,126,861
		<u>57,384,328</u>	<u>65,521,640</u>
Total assets		<u><u>58,951,415</u></u>	<u><u>66,496,067</u></u>
Liabilities			
Non-current liabilities			
Leases	21	365,440	90,689
		<u>365,440</u>	<u>90,689</u>
Current liabilities			
Trade and other liabilities	17	36,755,337	49,033,891
Contract liabilities	18	2,930,223	2,991,224
Leases	21	322,667	223,274
		<u>40,008,227</u>	<u>52,248,389</u>
Total liabilities		<u><u>40,373,667</u></u>	<u><u>52,339,078</u></u>
Net assets		<u><u>18,577,748</u></u>	<u><u>14,156,989</u></u>
Issued capital and reserves			
Share capital	19	2,167,000	2,167,000
Retained earnings	20	16,410,748	11,989,989
TOTAL EQUITY		<u><u>18,577,748</u></u>	<u><u>14,156,989</u></u>

The financial statements on pages 1 to 37 were approved and authorised for issue by the board of directors and were signed on its behalf by:

Parameshwaran Iyer
 Director

Parameshwaran Iyer

Date: 17 May 2024 | 4:18:00 PM BST

The notes on 14 to 37 form part of these financial statements.

HEXAWARE TECHNOLOGIES UK LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Share capital £	Retained earnings £	Total equity £
At 1 January 2022	2,167,000	7,890,851	10,057,851
Profit for the year	-	4,099,138	4,099,138
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	4,099,138	4,099,138
	<hr/>	<hr/>	<hr/>
At 31 December 2022	2,167,000	11,989,989	14,156,989
	<hr/>	<hr/>	<hr/>
At 1 January 2023	2,167,000	11,989,989	14,156,989
Profit for the year	-	4,420,759	4,420,759
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	4,420,759	4,420,759
	<hr/>	<hr/>	<hr/>
At 31 December 2023	2,167,000	16,410,748	18,577,748
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The notes on 14 to 37 form part of these financial statements.

HEXAWARE TECHNOLOGIES UK LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023**

	2023 £	2022 £
Cash flows from operating activities		
Profit for the year	4,420,759	4,099,138
Adjustments for		
Depreciation of property, plant and equipment	422,974	314,689
Impairment loss recognised on trade receivables	3,055,718	(144,280)
Reversal of impairment loss on trade receivables	-	44,936
Finance income	(821,798)	(379,833)
Finance expense	34,128	11,003
Reversal of provision for impairment in the value of investment	(25,293)	-
Investment write off	19,514	-
Net foreign exchange gain	(165,921)	(63,239)
Income tax expense	1,817,931	966,100
	8,758,012	4,848,514
Movements in working capital:		
Decrease/(increase) in trade and other receivables	6,067,455	(8,774,198)
Decrease in contract assets	1,517,145	481,896
(Decrease)/increase in trade and other payables	(13,051,925)	16,890,282
Decrease in contract liabilities	(61,001)	(327,755)
Cash generated from operations	3,229,686	13,118,739
Income taxes paid	(1,040,212)	(484,101)
Net cash from operating activities	2,189,474	12,634,638

HEXAWARE TECHNOLOGIES UK LIMITED

STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

	2023 £	2022 £
Cash flows from investing activities		
Loan repaid by fellow subsidiary	16,000,000	-
Loan given to fellow subsidiary	(8,000,000)	-
Purchases of property, plant and equipment	(109,003)	(282,817)
Proceeds from disposal of property, plant and equipment	1,349	-
Purchases of fixed asset investments	-	(84,845)
Interest received	1,150,536	379,833
Net cash from investing activities	9,042,882	12,171
Cash flows from financing activities		
Payment of lease liabilities	(302,093)	(216,831)
Net cash used in financing activities	(302,093)	(216,831)
Net increase in cash and cash equivalents	10,930,263	12,429,978
Cash and cash equivalents at the beginning of year	17,126,861	4,633,644
Exchange gains on cash and cash equivalents	164,895	63,239
Cash and cash equivalents at the end of the year	28,222,019	17,126,861

The notes on 14 to 37 form part of these financial statements.

HEXAWARE TECHNOLOGIES UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

1. Reporting entity

Hexaware Technologies UK Limited is a private company limited by shares, incorporated in the UK under the Companies Act 2006 and is registered in England and Wales. The registered office and registered number is disclosed on the company information page.

2. Basis of preparation

The financial statements have been prepared accordance with International Financial Reporting Standards, International Accounting Standards and interpretations as adopted by the UK (collectively IFRSs). They have been prepared using the historical cost convention.

Details of the Company's accounting policies, including changes during the year, are included in note 4.

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The areas where judgements and estimates have been made in preparing the financial statements and their effects are disclosed in note 5.

The company is a wholly owned subsidiary of Hexaware Technologies Limited and is exempt from preparing group accounts by virtue of section 401 of the Companies Act 2006.

Hexaware Technologies Limited is a company incorporated in India. Copies of the group financial statements can be obtained from: Hexaware Technologies Limited, Building No 152, Sector -III, Millennium Business Park, A Block, TTC Industrial Area, Mahape, Navi Mumbai - 400710, India.

Comparative figures

Certain comparative figures have been reclassified to conform to the presentation in the current year's separate financial statements. However, such reclassification does not have any effect on the net income, net assets or equity of the previous year.

HEXAWARE TECHNOLOGIES UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

2.1 Changes in accounting policies
i) New standards, interpretations and amendments effective from 1 January 2023

The following tables summarise the impacts of adopting new accounting standards on the Company's financial statements:

Standard or Interpretation	Effective for annual periods commencing on or after
IFRS 17 Insurance Contracts	1 January 2023
Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2	1 January 2023
Definition of Accounting Estimates – Amendments to IAS 8	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1 January 2023
International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12	23 May 2023

ii) New standards, interpretations and amendments not yet effective

Standard or Interpretation	Effective for annual periods commencing on or after
Amendments to IAS 1: Classification of Liabilities as Current or Non-Current	1 January 2024
Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	1 January 2024
Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	1 January 2024
IFRS S1** General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2** Climate-related Disclosures	1 January 2024
Lack of Exchangeability – Amendments to IAS 21	1 January 2025

As yet, none of these have been endorsed for use in the UK and will not be adopted until such time as endorsement is confirmed. The directors do not expect any material impact as a result of adopting the standards and amendments listed above in the financial year, they become effective.

The Directors have also considered the new standards effective as at the commencement of the accounting period and have concluded that they are either not relevant to the Company or that they would not have a material impact on the Company's financial statements.

HEXAWARE TECHNOLOGIES UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

3. Functional and presentation currency

These financial statements are presented in pound sterling, which is the Company's functional currency. All amounts have been rounded to the nearest pound, unless otherwise indicated.

4. Accounting policies**4.1 Revenue**

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 a 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 recognised 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.

Revenues related to fixed-price maintenance, testing and business process services are recognised 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 recognised 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.

Revenues in excess of billing are classified as Unbilled receivables while billing in excess of revenues are classified as Contract liabilities (Unearned revenues). Invoicing to the clients for fixed price contracts is based on milestones as defined in the contract and therefore the timing of revenue recognition is different from the timing of invoicing to the customers. Therefore, unbilled receivables for fixed price contracts (contract asset) are classified as non-financial asset because the right to consideration is dependent on completion of contractual milestones.

The Company recognises an onerous cost provision for the estimated losses in the statement of profit and loss, when the total estimated cost exceeds the revenue in an arrangement based on the current contract estimates.

4.2 Foreign currencies

Transactions in foreign exchange currencies are translated into Pound Sterling at the exchange rate ruling at the dates of the transactions. All monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Pound Sterling at the exchange rates prevailing on the reporting date. Exchange differences are taken to the profit or loss.

HEXAWARE TECHNOLOGIES UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

4. Accounting policies (continued)

4.3 Leasing

The Company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;

The lease liability is included in the 'Leases' line in the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are included in the 'Property, Plant and Equipment' in the Statement of Financial Position.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in note 4.8.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has used the following practical expedients:

- The Company has applied single discount rate to a portfolio of leases with reasonable similar characteristics.
- The Company has excluded initial direct costs from measurement of RoU assets at the date of transition.
- The Company has used hindsight in determining the lease term if the contract contains options to extend or terminate the lease.

HEXAWARE TECHNOLOGIES UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

4. Accounting policies (continued)**4.4 Foreign currency**

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. 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.

For the purposes of presenting these financial statements, the assets and liabilities of the Company's foreign operations are translated into pounds using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

4.5 Employee benefits**Short-term and other long-term employee benefits**

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

4.6 Taxation**Current and deferred tax for the year**

Current and deferred tax are recognised in profit or loss, 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. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

HEXAWARE TECHNOLOGIES UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

4. Accounting policies (continued)

4.7 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following range:

Plant and machinery	- 20% on cost
Fixtures and fittings	- 12.5% on cost
Computer equipment	- 33.33% on cost
Other fixed assets	- Over the lease term

4.8 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). 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. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

4.9 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

HEXAWARE TECHNOLOGIES UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

4. Accounting policies (continued)

4.10 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

4.11 Financial instruments

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial 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 of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

4.12 Financial assets

All regular purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised costs or at FVOCI, lease receivables, amounts due from customers under contracts, as well as on loan commitments and financial guarantee contracts. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables, amounts due from customers under contracts and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12m ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

HEXAWARE TECHNOLOGIES UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

4. Accounting policies (continued)

4.12 Financial assets (continued)

Impairment of financial assets (continued)

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12m ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Credit-impaired financial assets

A financial asset is deemed to be credit-impaired when a customer is in significant financial difficulties and is unwilling to participate in an organised payment plan for the outstanding dues.

5. Accounting estimates and judgements

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 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.

Costs to fulfill contracts 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.

Income tax

The major tax jurisdiction for the Company is United Kingdom though the Company also files tax returns in overseas jurisdictions. Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments and deferred tax on unrecognised tax benefits. Tax assessment can involve complex issues, which can only be resolved over extended time periods.

Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of UK IFRS. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

HEXAWARE TECHNOLOGIES UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

5. Accounting estimates and judgements (continued)
Judgement (continued)

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the company is reasonably certain not to exercise that option. In assessing whether the company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

6. Revenue

	2023 £	2022 £
Segmental reporting		
Healthcare & Insurance	73,422,528	64,841,023
Banking and Financial Services	43,389,024	44,625,003
Manufacturing & Others	17,215,928	10,038,093
Global Travel & Transportation	4,505,092	9,524,376
Professional services	9,423,148	4,514,611
	<u>147,955,720</u>	<u>133,543,106</u>

An analysis of turnover by geographical market is given below:

	2023 £	2022 £
United Kingdom	120,145,124	108,054,246
Europe	22,040,936	19,405,688
Asia	96,800	636,929
North America	5,672,860	5,446,243
	<u>147,955,720</u>	<u>133,543,106</u>

Revenue from contracts with customers

	2023 £	2022 £
Contract balances		
Contract assets	802,696	2,319,841
Contract liabilities	<u>2,930,223</u>	<u>2,991,224</u>

HEXAWARE TECHNOLOGIES UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

7. Auditors' remuneration

During the year, the Company obtained the following services from the Company's auditors and their associates:

	2023	2022
	£	£
Fees payable to the Company's auditors and their associates for the audit of the Company's financial statements	65,000	68,500
Fees payable to the Company's auditors and their associates in respect of:		
Taxation compliance services	1,400	1,400
Other non-audit services	48,996	43,711
	<u>65,000</u>	<u>68,500</u>

8. Employee benefit expenses

	2023	2022
	£	£
Employee benefit expenses (including directors) comprise:		
Wages and salaries	40,183,977	37,163,163
National insurance	4,005,775	3,955,784
Defined contribution pension cost	1,135,068	743,703
	<u>45,324,820</u>	<u>41,862,650</u>

The monthly average number of persons, including the directors, employed by the Company during the year was as follows:

	2023	2022
	No.	No.
Office management	59	60
Software consultants	404	366
	<u>463</u>	<u>426</u>

HEXAWARE TECHNOLOGIES UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

9. Directors' remuneration

	2023 £	2022 £
Directors' emoluments	430,719	478,314
National insurance	34,900	66,671
Company contributions to pension schemes	18,213	14,266
	<u>483,832</u>	<u>559,251</u>

The highest paid director's emoluments were as follows:

	2023 £	2022 £
Directors' remuneration	340,613	478,314
Employers NIC	23,456	66,671
Company contributions to pension schemes	14,633	14,266
	<u>378,702</u>	<u>559,251</u>

10. Finance income and expense

Recognised in profit or loss

	2023 £	2022 £
Finance income		
Interest on:		
- Bank deposits	171,856	13,497
Total interest income arising from financial assets measured at amortised cost	<u>171,856</u>	<u>13,497</u>
Interest receivable from group companies	637,127	362,812
Other interest receivable	12,815	3,524
Total finance income	<u>821,798</u>	<u>379,833</u>
Finance expense		
Interest on lease liabilities	34,128	11,003
Total finance expense	<u>34,128</u>	<u>11,003</u>
Net finance income recognised in profit or loss	<u>787,670</u>	<u>368,830</u>

HEXAWARE TECHNOLOGIES UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

11. Tax expense

11.1 Income tax recognised in profit or loss

	2023 £	2022 £
Current tax		
Current tax on profits for the year	1,743,273	966,100
Total current tax	1,743,273	966,100
Deferred tax expense		
Origination and reversal of timing differences	74,658	-
Total deferred tax	74,658	-
	1,817,931	966,100
Total tax expense		
Tax expense	1,817,931	966,100
	1,817,931	966,100

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to profits for the year are as follows:

	2023 £	2022 £
Profit for the year	4,420,759	4,099,138
Income tax expense	1,817,931	966,100
Profit before income taxes	6,238,690	5,065,238
Tax using the Company's domestic tax rate of 23.52% (2022:19%)	1,467,340	962,395
Expenses disallowed for tax purposes	82,873	73,585
Capital allowances for the year in excess of depreciation	-	(27,317)
Other adjustments	104,308	(108,053)
R&D Tax credit	-	65,490
Tax relating to foreign branches	163,410	-
Total tax expense	1,817,931	966,100

Changes in tax rates and factors affecting the future tax charges

HEXAWARE TECHNOLOGIES UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

12. Property, plant and equipment

	Improvements to property £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Right of use asset £	Total £
Cost or valuation						
At 1 January 2022	76,900	15,507	16,060	598,324	729,977	1,436,768
Additions	-	-	-	258,044	24,773	282,817
Disposals	-	-	-	(2,533)	-	(2,533)
At 31 December 2022	76,900	15,507	16,060	853,835	754,750	1,717,052
Additions	-	1,067	-	108,652	642,320	752,039
Disposals	-	-	-	(21,312)	(72,267)	(93,579)
At 31 December 2023	76,900	16,574	16,060	941,175	1,324,803	2,375,512
Accumulated depreciation and impairment						
At 1 January 2022	76,900	7,089	13,339	283,957	379,504	760,789
Charge owned for the year	-	2,715	1,046	189,659	121,269	314,689
Disposals	-	-	-	(2,533)	-	(2,533)
At 31 December 2022	76,900	9,804	14,385	471,083	500,773	1,072,945
Charge owned for the year	-	2,891	1,046	196,563	222,474	422,974
Disposals	-	-	-	(20,596)	(72,267)	(92,863)
At 31 December 2023	76,900	12,695	15,431	647,050	650,980	1,403,056
Net book value						
At 31 December 2022	-	5,703	1,675	382,752	253,977	644,107
At 31 December 2023	-	3,879	629	294,125	673,823	972,456

The Company incurred £61,964 and £172,360 for the year ended December 31, 2023 and 2022 respectively, towards expenses relating to short-term leases and leases of low-value assets.

Interest on lease liabilities is £34,128 and £11,003 for the year ended December 31, 2023 and 2022, respectively.

Payments toward leases of low-value assets and leases with less than twelve months of lease term, are disclosed under operating activities in the statement of cash flows. All other lease payments during the year are disclosed under financing activities in the statement of cash flows.

HEXAWARE TECHNOLOGIES UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

12. Property, plant and equipment (continued)
12.1. Assets held under leases

The net book value of owned and leased assets included as "Property, plant and equipment" in the Statement of Financial Position is as follows:

	31 December 2023 £	<i>31 December 2022 £</i>
Property, plant and equipment owned	298,633	390,130
Right-of-use assets, excluding investment property	673,823	253,977
	972,456	644,107

Information about right-of-use assets is summarised below:

Net book value

	31 December 2023 £	<i>31 December 2022 £</i>
Property	673,823	253,977
	673,823	253,977

13. Investments

	2023 £	<i>2022 £</i>
Investments in subsidiary companies	133,515	133,515
	133,515	133,515

The above investments refers to the shares owned by the Company in its subsidiaries, Hexaware Technologies Belgium, Hexaware Technologies South Africa and Hexaware Technologies Argentina.

HEXAWARE TECHNOLOGIES UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

14. Subsidiaries

Details of the Company's material subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Company (%)	
			2023	2022
1) Hexaware Technologies Belgium SRL	Software development and IT consultancy services	Belgium	100	100
2) Hexaware Technologies ARG SAS	Software development and IT consultancy services	Argentina	100	100
3) Hexaware Technologies South Africa Pty Ltd	Software development and IT consultancy services	South Africa	100	100

1) Hexaware Technologies Belgium SRL

Registered office: Rue Des Colonies, 11 BE 1000 Brussels, Belgium

2) Hexaware Technologies ARG SAS

Registered office: Avda. L.N.Alem 693 3ro. y Sto.piso C1001AAB Buenos Aires Argentina

3) Hexaware Technologies South Africa Pty Ltd

Registered office: 13th Floor, Pier Place PO Box 3311 31 Heerengracht Street, Cape Town 8000, SA

Name of subsidiary	Aggregate of capital and reserves	Profit/(Loss)
	£	£
1) Hexaware Technologies Belgium SRL	171,451	17,073
2) Hexaware Technologies ARG SAS	-	-
3) Hexaware Technologies South Africa Pty Ltd	185,852	58,232

HEXAWARE TECHNOLOGIES UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

15. Trade and other receivables

	2023 £	2022 £
Non-current		
Prepayments	222,524	-
Other receivables	238,592	196,805
Total non-current trade and other receivables	461,116	196,805
Current		
Trade debtors - non-factored	20,997,482	25,794,089
Provision for bad debts	(3,290,436)	(1,636,715)
Trade receivables - net	17,707,046	24,157,374
Receivables from contracts with customers	3,818,585	5,096,463
Receivables from contracts with customers - net	3,818,585	5,096,463
Receivables from related parties	5,986,332	16,368,790
Total financial assets other than cash and cash equivalents classified as loans and receivables	27,511,963	45,622,627
Prepayments	847,650	452,311
Total current trade and other receivables	28,359,613	46,074,938

Included in the provision for bad debts are balances owed by group companies of £nil (2022: £1,415,415).

Movements in the impairment allowance for trade receivables are as follows:

Current		
At 1 January	1,636,715	1,409,636
Additions during the year	3,245,980	383,295
Amounts recovered or written off during the year	(1,592,259)	(156,216)
	3,290,436	1,636,715

HEXAWARE TECHNOLOGIES UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

16. Contract assets

	2023 £	2022 £
Balance at 1 January	2,319,841	-
Revenue recognised during the year	(1,517,145)	2,319,841
Balance at 31 December	802,696	2,319,841

17. Trade and other payables

	2023 £	2022 £
Trade payables	519,186	907,994
Payables to related parties	12,112,407	29,747,454
Other payables	7,549,858	6,957,247
Accruals	9,961,671	5,976,392
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	30,143,122	43,589,087
Other payables - tax and social security payments	6,612,215	5,444,804
Total trade and other payables	36,755,337	49,033,891
Less: current portion - trade payables	(519,186)	(907,994)
Less: current portion - payables to related parties	(12,112,407)	(29,747,454)
Less: current portion - other payables	(14,162,073)	(12,402,051)
Less: current portion - accruals	(9,961,671)	(5,976,392)
Total current portion	(36,755,337)	(49,033,891)
Total non-current position	-	-

18. Contract liabilities

	2023 £	2022 £
Balance at 1 January	2,991,224	3,318,979
Revenue recognised that was included in the contract liability balance at the beginning of the year	(2,858,440)	(3,318,979)
Increases due to cash received, excluding amounts recognised as revenue during the year	2,797,439	2,991,224
Balance at 31 December	2,930,223	2,991,224

HEXAWARE TECHNOLOGIES UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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19. Share capital

Issued and fully paid

	2023 Number	2023 £	<i>2022 Number</i>	<i>2022 £</i>
Ordinary shares of £1.00 each				
At 1 January and 31 December	<u>2,167,000</u>	<u>2,167,000</u>	<u>2,167,000</u>	<u>2,167,000</u>

The Company has one class of equity shares having a par value of £1 each. Each shareholder is eligible for one vote per share held.

20. Reserves

Profit and loss account

This reserve records retained earnings and accumulated profit.

21. Leases

(i) Leases as a lessee

The Company leases office premises in Canary Wharf, Birmingham and Latvia. The average remaining lease term is one year.

Lease liabilities are due as follows:

	2023 £	<i>2022 £</i>
Contractual undiscounted cash flows due		
Not later than one year	357,874	319,035
Between one year and five years	386,961	-
	<u>744,835</u>	<u>319,035</u>
Lease liabilities included in the Statement of Financial Position at 31 December	<u>688,107</u>	<u>313,963</u>
Non-current	365,440	90,689
Current	<u>322,667</u>	<u>223,274</u>

The following amounts in respect of leases have been recognised in profit or loss:

	2023 £	<i>2022 £</i>
Interest expense on lease liabilities	<u>34,128</u>	<u>11,003</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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22. Financial instruments - fair values and risk management
22.1 Financial risk management

The Company has identified the risks under verticals like Geographic and 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 the global CEO and CFO, after consultation with all business units, functions and department heads.

22.2 Geographic and client concentration risk

54% of the revenue for the year is generated from top 10 clients (2022: 52%). 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 the Company adds more clients and grow revenues from the existing clients, it reduces dependence on the large clients. Moreover, large clients allow quick scaling up of revenues and they come with higher margins due to lower associated cost and higher cost predictability.

22.3 Foreign currency risk management

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, Danish Krone & Euro. The company does not hedge any currency exposures.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Liabilities		Assets	
	2023	2022	2023	2022
	£	£	£	£
USD	382,640	170,990	6,760,328	32,910,010
EUR	5,226,246	88,656	5,173,381	13,450,632
DKK	-	-	428,787	422,768
	5,608,886	259,646	12,362,496	46,783,410

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 £675,361 and £4,652,376 for the year ended December 31, 2023, December 31, 2022 respectively.

Sensitivity analysis is computed based on the changes in the income and expenses in foreign currency upon conversion into functional currency, due to exchange rate fluctuations between the previous reporting period and the current reporting period.

HEXAWARE TECHNOLOGIES UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

22. Financial instruments - fair values and risk management (continued)

22.4 Interest rate risk

The Company does not have any debt. The balances with banks is in the form of fixed interest rate deposits. Accordingly, the Company is not exposed to significant interest rate risk.

22.5 Credit risk management

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 £20,997,482 and £25,794,089 as at December 31, 2023 and December 31, 2022 respectively and unbilled revenue of £3,818,585 and £5,096,463 as at December 31, 2023 and December 31, 2022 respectively.

The Company has adopted an effective receivable management system to control the Days' Sales Outstanding (DSO). Top 10 customer dues contribute 55% of the total outstanding as at December 31, 2023 (41% as at December 31, 2022).

Cash and cash equivalents include deposits with banks.

22.6 Liquidity risk management

Liquidity and interest risk tables

The Company needs continuous access to funds to meet short and long term strategic investments. 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 material loss will expose it to liquidity risks.

Over the years, the Company has increased its liquidity position by managing its DSO and maintaining high cash / bank balance. As at December 31, 2023, the Company had total cash / bank balance of £28,222,019 (2022: £17,126,861) which constitutes approximately 48% (2022: 26%) 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:

	Carrying amount £	Total £	12 months or less £	from 1 to 5 years £	More than 5 years £
31 December 2023					
Trade and other payables	(519,186)	(519,186)	(519,186)	-	-
Due to related parties	(12,112,407)	(12,112,407)	(12,112,407)	-	-
Lease liabilities	(688,107)	(688,107)	(322,667)	(365,440)	-
	<u>(13,319,700)</u>	<u>(13,319,700)</u>	<u>(12,954,260)</u>	<u>(365,440)</u>	<u>-</u>
31 December 2022					
Trade and other payables	(907,994)	(907,994)	(907,994)	-	-
Due to related parties	(29,747,454)	(29,747,454)	(29,747,454)	-	-
Lease liabilities	(313,963)	(313,963)	(223,274)	(90,689)	-
	<u>(30,969,411)</u>	<u>(30,969,411)</u>	<u>(30,878,722)</u>	<u>(90,689)</u>	<u>-</u>

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22. Financial instruments - fair values and risk management (continued)
22.6 Liquidity risk management (continued)

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

	Carrying amount £	Total £	12 months or less £	from 1 to 5 years £	More than 5 years £
31 December 2023					
Trade receivables	17,707,043	17,707,043	17,707,043	-	-
Cash and cash equivalents	28,222,019	28,222,019	28,222,019	-	-
	<u>45,929,062</u>	<u>45,929,062</u>	<u>45,929,062</u>	<u>-</u>	<u>-</u>
	Carrying amount £	Total £	12 months or less £	from 1 to 5 years £	More than 5 years £
31 December 2022					
Trade receivables	24,157,374	24,157,374	24,157,374	-	-
Cash and cash equivalents	17,126,861	17,126,861	17,126,861	-	-
	<u>41,284,235</u>	<u>41,284,235</u>	<u>41,284,235</u>	<u>-</u>	<u>-</u>

22.7 Fair value measurements

There are no balances included within the financial statements that are measured through the fair value basis.

HEXAWARE TECHNOLOGIES UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

23. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

The Company enters into transactions with companies and entities that fall within the definition of a related party as contained in International Accounting Standard (IAS) No. 24 Related Party Disclosures. Related parties comprise companies under common ownership and/or common management and control, key management personnel, entities in which the shareholders have controlling interest affiliates, and other related parties.

The details of balances as at reporting date and transactions with the related parties during the period are as follows:

23.1 Due to related parties

	2023 £	2022 £
Hexaware Technologies Limited	12,004,297	29,465,768
Mobiquity BV	89,915	148,471
Hexaware Technologies Mexico S de RL De CV	1,295	19,628
Hexaware Technologies Inc	-	110,094
Mobiquity Inc	7,173	3,493
Hexaware Technologies Belgium SRL	9,727	-
	12,112,407	29,747,454

23.2 Due from related parties

	2023 £	2022 £
Hexaware Technologies Inc	5,534,375	13,862,813
Hexaware Technologies Limited	244,689	504,735
Hexaware Technologies Belgium SRL	24,830	387,772
Hexaware Technologies Nordic AB	-	147,631
Mobiquity BV	26,269	23,841
Hexaware Technologies Romania SRL	-	26,583
Hexaware Technologies GmbH	156,169	-
	5,986,332	14,953,375

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

23. Related party transactions (continued)

23.3 Other related party transactions

Other related party transactions are as follows:

Related party relationship	Type of transaction	Transaction amount	
		2023 £	2022 £
Hexaware Technologies Inc	Interest income	637,127	362,813
Hexaware Technologies Limited	Receiving of services	48,097,812	47,275,297
Hexaware Technologies, Mexico S. De. R.L. De. C.V	Receiving of services	1,209	41,917
Mobiquity Inc	Receiving of services	41,237	52,939
Mobiquity B.V.	Receiving of services	1,068,413	3,454,101
Amrinder Singh	Receiving of services	340,612	559,251
Parameshwaran Iyer	Receiving of services	90,106	-
Hexaware Technologies Argentina	Receiving of services	45,285	9,865
Hexaware Technologies Limited	Reimbursement of costs	641,857	763,483
CA Magnum Holdings	Reimbursement of costs	28,545	-
Hexaware Technologies Romania SRL	Recovery of cost	-	2,579
Mobiquity B.V.	Rendering of services	329,048	631,442
Hexaware Technologies Inc.	Loans given	8,000,000	-
Hexaware Technologies Inc.	Loans repaid	16,000,000	-

24. Controlling party

The immediate parent company is Hexaware Technologies Limited, a company incorporated in India and is included in the consolidated financial statements of that company. Copies of the group financial statements can be obtained from: Hexaware Technologies Ltd, Building NO 152, Sector -III, Millennium Business Park, A Block, TTC Industrial Area, Mahape, Navi Mumbai - 400710, India.

As at 31 December 2023, the ultimate parent company is CA Magnum Holdings, which is incorporated in Mauritius and whose registered office is C/O Apex Fund & Corporate Services (Mauritius) Ltd, Lot 15 A3, 1st Floor, CyberCity, 72201, Ebene, MU-PW, Mauritius.

HEXAWARE TECHNOLOGIES UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
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25. Notes supporting statement of cash flows

	2023 £	2022 £
Cash at bank available on demand	28,222,019	17,126,861
Cash and cash equivalents in the statement of financial position	28,222,019	17,126,861
Cash and cash equivalents in the statement of cash flows	28,222,019	17,126,861

26. Capital management

The Company's objectives when managing capital (i.e. equity and borrowings) are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company has no borrowings other than loans from related parties. The Company is not subject to any externally imposed capital requirements.