K. S. Bhatia & Co.
Chartered Accountants

201, Balaji Darshan, Above Hotel Shabari, Tilak Road, Santacruz (W), Mumbai - 400 054. Tel.: 2649 3972 / 2649 2998

Independent Auditor's Report

TO THE MEMBERS OF HEXAWARE TECHNOLOGIES NORDIC AB

Report on the Audit of Special Purpose Ind AS Financial Statements

We have audited the special purpose Ind AS financial statements of Hexaware Technologies Nordic AB ('the Company'), which comprise the Balance Sheet as at 31 December 2019, and the Statement of Profit and Loss (including other comprehensive income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the special purpose Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 December 2019 and its loss (including other comprehensive income), its changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India (ICAI). Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Ind AS Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of Companies Act, 2013 ("the Act") and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibility for the Ind AS Financial Statements

The Company's management and board of directors are responsible for the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs, profit/loss (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) notified by the Ministry of Corporate Affairs.

This responsibility also includes maintenance of adequate accounting records for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Board of directors is also responsible for overseeing the Company's financial reporting process.

K. S. Bhatia & Co. Mumbai FRN:-114520W M. No. 0[illegible]908 Chartered Accountants

Auditor's Responsibility for the Audit of the Ind AS Financial Statements

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

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

For K. S. Bhatia & Co.
Chartered Accountants
Firm's Registration No: 114520W

K. Bhatia & Co. Mumbai FRN:- 114520W M. No. 046908 Chartered Accountants

Kaushik S. Bhatia
Partner
Membership No. 046908
UDIN: 20046908AAAAAY6202

Mumbai, 31st January, 2020

HEXAWARE TECHNOLOGIES NORDIC AB
BALANCE SHEET

	Notes	As at December 31, 2019	(SEK) As at December 31, 2018
Assets			
Current assets			
Financial Assets			
- Trade receivables	6	4,171,994	8,345,801
- Cash and cash equivalents	7	1,896,435	5,664,665
- Unbilled revenue		-	217,228
- Other financial assets	4	91,169	73,335
Other assets	5	-	17,825
Total current assets		6,159,598	14,318,854
Total assets		**6,159,598**	**14,318,854**
Equity and liabilities			
Equity			
Equity Share capital	11	50,000	50,000
Other Equity		(4,997,968)	(681,459)
Total equity		(4,947,968)	(631,459)
Current liabilities			
Financial Liabilities			
- Trade payables		7,477,171	396,038
- Other financial liabilities	8	552,197	8,034,606
Other current liabilities	9	2,432,811	6,086,173
Provisions			
- Employee benefit obligations		645,387	433,496
Total current liabilities		11,107,566	14,950,313
Total liabilities		11,107,566	14,950,313
Total equity and liabilities		**6,159,598**	**14,318,854**

Notes 1 to 19 form an integral part of the condensed interim financial statements

As per our report of even date

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

K.S. Bhatia & Co. Mumbai FRN:- 114520W M. No. 046908 Chartered Accountants

Kaushik Bhatia
Partner
M. No. 046908

Place : Mumbai
Date : 31-01-2020

For and on behalf of the Board

Amrinder Singh
Director

HEXAWARE TECHNOLOGIES NORDIC AB
STATEMENT OF PROFIT AND LOSS

(SEK)

	Notes	For year ended December 31, 2019	December 31, 2018
INCOME			
Revenue from operations		26,956,659	24,136,386
Other Income		820	-
Total Income		**26,957,479**	**24,136,386**
EXPENSES			
Software and Development Expenses	12	13,863,500	19,174,040
Employee benefits expense	13	14,382,131	5,294,940
Operation and Other Expenses	14	3,046,316	273,389
Exchange Rate difference (net)		(17,959)	75,476
Total Expenses		**31,273,988**	**24,817,845**
(Loss) / Profit Before Tax		**(4,316,509)**	**(681,459)**
Tax Expense			
- Current		-	-
(Loss) Profit for the period		**(4,316,509)**	**(681,459)**
Other comprehensive income		-	-
Total Comprehensive income for the period		**(4,316,509)**	**(681,459)**
Basic Earnings per share (In SEK)			
Basic and Diluted	15	-8,633.02	- 1,362.92

Notes 1 to 19 form an integral part of the condensed interim financial statements

As per our report of even date

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

K.S. Bhatia & Co. Mumbai FRN:- 114520W M. No. 046908 Chartered Accountants

Kaushik Bhatia
Partner
M. No. 046908

Place : Mumbai
Date : 31-01-2020

For and on behalf of the Board

Amrinder Singh
Director

HEXAWARE TECHNOLOGIES NORDIC AB
STATEMENT OF CHANGES IN EQUITY

A. Equity Share Capital

(SEK)

As at January 1, 2019	Changes during the period	As at December 31, 2019
50,000	-	50,000

As at January 1, 2018	Changes during the period	As at December 31, 2018
50,000	-	50,000

B. Other Equity

	Reserves and Surplus Retained Earnings	Total
Balances as at January 1, 2019	(681,459)	(681,459)
(Loss) / Profit for the period	(4,316,509)	(4,316,509)
Other comprehensive income	-	-
Total comprehensive income for the period	**(4,316,509)**	**(4,316,509)**
As at December 31, 2019	(4,997,968)	(4,997,968)
Balances as at January 1, 2018	-	-
Profit for the period	(681,459)	(681,459)
Other comprehensive income	-	-
Total comprehensive income for the period	**(681,459)**	**(681,459)**
As at December 31, 2018	(681,459)	(681,459)

Notes 1 to 19 form an integral part of the condensed interim financial statements

As per our report of even date

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

K.S. Bhatia & Co. Mumbai FRN:- 114520W M. No. 046908 Chartered Accountants

Kaushik Bhatia
Partner
M. No. 046908

Place : Mumbai
Date : 31-01-2020

For and on behalf of the Board

Amrinder Singh
Director

HEXAWARE TECHNOLOGIES NORDIC AB
CASH FLOW STATEMENT

(SEK)
For year ended

	December 31, 2019	December 31, 2018
Cash Flow from operating activities		
(Loss) / Net Profit before tax	(4,316,509)	(681,459)
Adjustments for:		
Interest Income	*(820)*	-
Operating (Loss) profit before working capital changes	**(4,317,329)**	**(681,459)**
Adjustments for:		
Trade and other receivables	4,391,026	(8,654,189)
Trade and other payables	*(3,842,747)*	*14,950,313*
Cash generated from operations	**(3,769,050)**	**5,614,665**
Net cash (used in) from operating activities	**(3,769,050)**	**5,614,665**
Cash flow from investing activities	-	-
Interest received	*820*	-
Net cash (used in) investing activities	820	-
Cash flow from financing activities	-	-
Net Increase / (Decrease) in cash and cash equivalents	**(3,768,230)**	**5,614,665**
Cash and cash equivalents at the beginning of the period	5,664,665	50,000
Cash and cash equivalents at the end of the period (Refer note. 7)	**1,896,435**	**5,664,665**

As per our report of even date

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

K. S. Bhatia & Co. Mumbai FRN:- 114520W M. No. 046908 Chartered Accountants

Kaushik Bhatia
Partner
M. No. 046908

Place : Mumbai
Date : 31-01-2020

For and on behalf of the Board

Amrinder Singh
Director

1 Corporate Information

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

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

2 Significant Accounting Policies

2.1 Statement of compliance

The financial statements comply in all material aspects with Indian Accounting standards (referred to as "Ind AS") notified under Section 133 of the Companies Act, 2013 (the "Act") [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

2.2 Basis of Preparation

These financial statements are prepared on historical cost basis, except for certain financial instruments which are measured at fair value and to the extent possible are, in same format as that adopted by the holding company for its separate financials.

2.3 Critical accounting judgements and key source of estimation uncertainty

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenue, expense, assets and liabilities and disclosures relating to contingent liabilities on the date of the financial statements. Actual results could differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates is recognised in the period in which the estimate is revised and in any future period affected.

Key source of estimation uncertainty which may cause material adjustments:

2.3.1 Revenue recognition

The Group uses the percentage-of-completion method in accounting for its fixed-price contracts. Use of the percentage-of completion method requires the Group to estimate the efforts expended to date as a proportion of the total efforts to be expended. Efforts expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date and can be reliably estimated.

The Company uses judgement to determine an appropriate standalone selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract. Where standalone selling price is not observable, the Company uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.

Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period.

Contract fulfilment costs are generally expensed as incurred except for certain costs which meet the criteria for capitalisation. The assessment of this criteria requires the application of judgement, in particular, when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

K. S. Bhatia & Co.
Mumbai
Chartered Accountants

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 18Revenue 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
Furnished and equipped premises leased out under operating lease are capitalised in the books of the Company. Lease income is recognised over the lease term on a straight line basis.

2.6 (a) **Functional and presentation currency**

The local accounts are maintained in local and functional currency, which is Euro (EUR)

(b) **Foreign currency**

Transactions in foreign currency are recorded at the original rate of exchange in force at the time transactions are effected. Monetary items denominated in foreign currency are restated using the exchange rate prevailing on the date of the Balance Sheet. The resulting exchange difference on such restatement and settlement is recognized in the profit or loss except exchange differences on transactions entered into in order to hedge certain foreign currency risk.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date of Balance Sheet. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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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

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

b) Short term employee benefit

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees is recognized as an expense during the period when the employee renders those services. These benefits include compensated absences such as leave expected to be availed within a year, statutory employee profit sharing and bonuspayable.

2.9 Taxes on Income

Income tax expense comprises of current tax and deferred tax. Current and deferred tax are recognised in net income, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

Current tax is measured at the amount expected to be paid or recovered from the domestic and overseas tax authorities using enacted or substantively enacted tax rates.

Deferred taxes are recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax assets and liabilities are not recognised when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither the accounting nor taxable profit at the time of the transaction.

Advance taxes and provisions for current income taxes as well as deferred tax assets and liabilities are presented in the statement of financial position after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the entity intends to settle the asset and liability on a net basis.

2.10 Property, plant and equipment (PPE)

PPE are stated at cost of acquisition less accumulated depreciation (other than freehold land) and impairment loss, if any.

Depreciation

Depreciation is provided on straight-line method based on the estimated useful lives of the assets as follows:

Asset Class	Estimated useful Life
Computer Systems (included in Plant and Machinery)	3 years
Office Equipment	5 years
Furniture and Fixtures	8 years
Improvement to Leased Premised	Over the lease perirod

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

Depreciation methods, estimated useful lives and residual values are reviewed at the end of each year and adjusted prospectively where appropriate.

An item of PPE is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising on derecognition is determined as the difference between the sales proceeds and the carrying amount of the assets and is recognised in profit or loss.

2.11 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	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 Company will be required to settle the obligation. When a provision is measured using cash flows estimated to settle the present obligation its carrying amount is the present value of those cash flows; unless the effect of time value of money is immaterial.

K. S. Bhatia & Co. Mumbai FRN:- 114520W M. No. 046908 Chartered Accountants

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.

Financial assets and financial liabilities –Subsequent measurement

(i) Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(iii) Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit and loss are immediately recognised in statement of profit and loss.

Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

Financial liabilities

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

Share capital

Equity shares

Incremental costs directly attributable to the issue of equity shares, net of any tax effects, are recognised as a deduction from equity.

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 Januaryl 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 recognized assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The Standard also contains enhanced disclosure requirements for lessees. The effective date for adoption of 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.

K. S. Bhatia & Co. Mumbai FRN 114520W M. No. 046908 Chartered Accountants

HEXAWARE TECHNOLOGIES NORDIC AB
NOTES TO THE FINANCIAL STATEMENTS

4 Other financial assets (unsecured) (considered good)

Current

Curr: SEK

	December 31, 2019	December 31, 2018
Employee advances	91,169	73,335
	91,169	73,335

5 Other assets (unsecured)

Current

Prepaid Expenses	-	17,825
	-	17,825

6 Trade Receivables (unsecured)

	December 31, 2019	December 31, 2018
Considered good	4,171,994	8,345,801
Considered doubtful	-	-
Less: Allowance for doubtful receivables basis the expected credit loss model	-	-
	4,171,994	8,345,801

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:

	December 31, 2019	December 31, 2018
Not due	4,171,994	8,345,801
Due less than 180 days	-	-
Due greater than 180 days	-	-
	4,171,994	8,345,801
Average age (days)	56	129

7 Cash and cash equivalents

	December 31, 2019	December 31, 2018
In current accounts with banks	1,896,435	5,664,665
	1,896,435	5,664,665

8 Other financial liabilities

Current

	December 31, 2019	December 31, 2018
Employee liabilities Payable	418,095	287,759
Accrued expenses	134,102	7,746,847
	552,197	8,034,606

9 Other liabilities

Current

	December 31, 2019	December 31, 2018
Statutory liabilities	2,432,811	6,086,173
	2,432,811	6,086,173

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10 Equity Share Capital

Curr: SEK

10.1 Authorised capital

	December 31, 2019	December 31, 2018
2000 Equity shares of SEK 100/- each	200,000	200,000

10.2 Issued, subscribed and paid-up capital

	December 31, 2019	December 31, 2018
500 EQUITY SHARES OF SEK 100/- EACH FULLY PAID	50,000	50,000

Reconciliation of number of shares:

	December 31, 2019	December 31, 2018
Shares outstanding at the beginning of the year	500	500
Shares issued during the period	-	-
Shares outstanding at the end of the period	500	500

10.3 Rights, preferences and restrictions attached to equity shares

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

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

Name of Shareholder		December 31, 2019	December 31, 2018
Hexaware Technologies Limited, India. (Holding Company)	No. of shares held	500	500
	% of holding	100%	100%

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11 Revenue from Operations

11.1 The disaggregrated 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	74,433	882,798
Others	26,882,226	23,253,588
Total Revenue from operations	**26,956,659**	**24,136,386**
Onsite	20,194,929	17,386,368
Offshore	6,761,730	6,750,018
Total Revenue from operations	**26,956,659**	**24,136,386**

11.2 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
Europe	26,956,659	24,136,386
Rest of the world	-	
Total revenue from operations	**26,956,659**	**24,136,386**

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

	For Year ended	
	December 31, 2019	December 31, 2018
Contracted price	26,956,659	24,136,386
Reductions towards variable consideration components (discounts, rebate et	-	
Revenue recognised	**26,956,659**	**24,136,386**

11.4 Changes in unbilled revenue are as follows

	For Year ended	
	December 31, 2019	December 31, 2018
Balance as at 1 January 2019	217,228	-
Invoices raised during the year that was included in the unbilled revenue balance at the beginning of the year	-217,228	-
Revenue recognised during the year for which the contractual right to receive consideration is not due at the end of the year	-	217,228
Balance as at 31 December 2019	-	**217,228**

11.5 Transaction price allocated to the remaining performance obligation

Particulars	**As at 31, December 2019**
Within 1 Year	19,780,977
More than 1 Year	40,071,056

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.

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12 Software and Development Expenses	For year ended December 31, 2019	For year ended December 31, 2018
		Curr: SEK
Consultant travel and related expenses	904,620	1,740,729
Software expenses *	12,958,880	17,433,311
	13,863,500	19,174,040
* includes sub- contracting charges	12,958,880	13,157,843

13 Employee benefits expense	For year ended December 31, 2019	For year ended December 31, 2018
		Curr: SEK
Salary and allowances	10,072,048	3,855,785
Contribution to provident and other funds	4,288,163	1,433,717
Staff welfare expenses	21,920	5,438
	14,382,131	5,294,940

14 Operation and Other Expenses	For year ended December 31, 2019	For year ended December 31, 2018
		Curr: SEK
Rent	1,981,127	3,697
Travelling and conveyance	122,949	-
Communication expenses	62,955	4,844
Legal and professional fees	379,297	171,568
Advertisement and business promotion	30,094	-
Bank and other charges	6,190	1,229
Insurance charges	14,409	4,455
Staff recruitment expenses	438,273	82,635
Seminar And Conference Expenses	11,022	4,961
	3,046,316	273,389

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15 Earnings per share

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

	For year ended December 31, 2019	For year ended December 31, 2018
Net (loss) / profit after tax (In SEK)	(4,316,509)	(681,459)
Weighted average outstanding equity shares considered for basic EPS (Nos.)	500	500
Basic and diluted earnings per share (In SEK)	(8,633.02)	(1,362.92)

16 Related party disclosures

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

Ultimate Holding Company and it's subsidiaries

Baring Private Equity Asia GP V. LP, Cayman Island (Ultimate holding company) (control exists)

The Baring Asia Private Equity Fund V, LP, Cayman Island

Baring Private Equity Asia V Mauritius Holding (4) Limited, Mauritius

HT Global IT Solutions Holdings Limited, Mauritius

Holding Company (control exists)

Hexaware Technologies Limited, India

Fellow Subsidiaries

Hexaware Technologies UK Limited, UK

Key Management Personnel

Mr Amrinder Singh

(b) Related Party Transactions:

Sr.No	Particulars	Nature of relationship	For year ended December 31, 2019	For year ended December 31, 2018
			SEK	SEK
1	**Expenditure** - Software and Development Expenses - subcontracting charges	**Holding Company**	4,304,776	5,705,674
		Fellow Subsidiary		
		Hexaware Technologies UK Limited, UK	8,861,499	7,743,943
2	**Expenditure - Reimbursement of Costs**	**Holding Company**	2,469,791	76,097
		Fellow Subsidiary		
		Hexaware Technologies UK Limited, UK	487,446	59,396

(c) Outstanding Balances:

Sr. No.	Particulars	Nature of relationship	As at December 31, 2019	As at 31st December 2018
			SEK	SEK
1	Trade and other payables	**Holding Company**	1,588,659	5,711,366
		Fellow Subsidiary		
		Hexaware Technologies UK Limited, UK	5,346,337	-

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17 Financial Instruments

17.1 Financial Instruments by category

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

Curr: SEK

December 31, 2019	Amortised Cost	Fair value through other comprehensive income	Fair value through Profit & Loss	Total carrying / fair value
Cash and cash equivalents	1,896,435	-	-	1,896,435
Trade receivables	4,171,994	-	-	4,171,994
Unbilled revenue	-	-	-	-
Other financial assets	91,169	-	-	91,169
	6,159,598			6,159,598
Trade payables	7,477,171	-	-	7,477,171
Other financials liabilities	552,197	-	-	552,197
	8,029,368	-	-	8,029,368

Curr: SEK

December 31, 2018	Amortised Cost	Fair value through other comprehensive income	Fair value through Profit & Loss	Total carrying / fair value
Cash and cash equivalents	5,664,665	-	-	5,664,665
Trade receivables	8,345,801	-	-	8,345,801
Unbilled revenue	217,228	-	-	217,228
Other financial assets	73,335	-	-	73,335
	14,301,029	-	-	14,301,029
Trade payables	396,038	-	-	396,038
Other financials liabilities	8,034,606	-	-	8,034,606
	8,430,644	-	-	8,430,644

Carrying amount of cash and cash equivalents, 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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17 Financial Instruments (Cont'd)

17.2 Financial risk management

The Company has identified the risks under verticals like client concentration risk, credit risk, foreign currency fluctuation risk and liquidity risk. The Company has formulated policies, procedures and strategies for managing risks which is affirmed by management, after consultation with all business units, functions and department heads.

(i) Client concentration risk

100% of the revenue of 2019 is generated from 1 client. Any loss or major downsizing by this client may impact Company's profitability. Further, excessive exposure to particular clients will limit Company's negotiating capacity and expose us to higher credit risk.

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

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

(ii) Credit risk

Since most of our transactions are done on credit, we are exposed to credit risk on accounts receivable. Any delay, default or inability on the part of the client to pay on time will expose us to credit risk and can impact our profitability. Our maximum credit exposure is in respect of trade receivables of SEK 4,171,994 and SEK 8,345,801 as at December 31, 2019 and 2018 respectively and unbilled revenue of NIL and SEK 217,228 as at December 31, 2019 and 2018.

We have adopted an effective receivable management system to control the Days' Sales Outstanding (DSO). Our DSO including unbilled revenue is 56 days and 129 days as on December 31, 2019 and 2018 respectively, Refer Note No.6 for the age wise analysis of trade receivables that are not due as well as past due and allowance for the doubtful receivables. The co. manages its credit risk through rigorous debt collection procedures.

Top customer dues contribute 100% of the total outstanding as at December 31, 2019 and 2018.

Cash and cash equivalents include current account balances with banks.

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17 Financial Instruments (Cont'd)

17.2 Financial risk management (Cont'd)

(iii) Foreign Currency fluctuations Risk

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

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

Curr: SEK

	EUR
Net financial assets	-
Net financial liabilities	5,346,337
Net assets/(liabilities)	(5,346,337)

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

	EUR
Net financial assets	306,336
Net financial liabilities	2,049
Net assets/(liabilities)	304,287

10% depreciation/(appreciation) of the respective foreign currencies with respect to functional currency of the Company would result in the increase/ (decrease) in Company's profit before tax approximately by SEK 534,634 and SEK 30,428 for the year ended December 31, 2019 and 2018 respectively.

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

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17 Financial Instruments (Cont'd)

17.4 **Liquidity risk**

The Company needs continuous access to funds to meet short and long term strategic investment requirements. The Companys inability to meet such requirements in stipulated period may hamper growth plan and even ongoing operations. Further, the Company's inability to quickly convert assets into cash without incurring any appreciable loss will expose it to liquidity risks.

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

As at December 31, 2019, the Company had total cash / bank balance and investments of SEK 1,896,435 which constitutes approximately 30% of total assets. The Company does not have any debt and thus manages its liquidity requirements through funds generated from operations.

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

Curr: SEK

As at December 31, 2019	Less than 1 year	1-2 years	Total
Trade payables	7,477,171	-	7,477,171
Others (Refer note 8)	552,197	-	552,197
Total	8,029,368	-	8,029,368

Curr: SEK

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

(v) **Interest rate risk**

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

17 The Company recognized SEK 4,288,163 (Previous Year SEK 1,433,717) for Social security and pension contributions in profit and loss account. The contributions payable to these plans by the company are at rates specified in the rules of the schemes

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

20 Material events after Balance Sheet date

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

21 Approval of the financial statements

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