

Independent Auditor's Report

To the Board of Directors of Hexaware Technologies Limited

Report on the Condensed Consolidated Interim Ind AS Financial Statements

We have audited the accompanying condensed consolidated interim Ind AS financial statements of Hexaware Technologies Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries collectively referred to as 'the Group') and its associate, which comprise the Condensed Consolidated Balance Sheet as at 30 June 2018, the Condensed Consolidated Statement of Profit and Loss, the Condensed Consolidated Statement of Cash Flows and the Condensed Consolidated Statement of Changes in Equity for the quarter and six months period then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as 'the condensed consolidated interim financial statements').

Management's responsibility for the condensed consolidated interim financial statements

The Holding Company's Board of Directors is responsible for the preparation of these condensed consolidated interim financial statements that give a true and fair view of the consolidated state of affairs, consolidated profit (including other comprehensive income), consolidated cash flows and consolidated statement of changes in equity of the Group including its associate in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standard (Ind AS) 34 - Interim Financial Reporting, prescribed under Section 133 of the Companies Act, 2013 ('the Act'). The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associate and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 interim financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the condensed consolidated interim financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's responsibility

Our responsibility is to express an opinion on these condensed consolidated interim financial statements based on our audit.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the condensed consolidated interim financial statements are free from material misstatement.

Independent Auditor's Report (*Continued*)

Hexaware Technologies Limited

Auditor's responsibility (*continued*)

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the condensed consolidated interim financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the condensed consolidated interim financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the condensed consolidated interim financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the condensed consolidated interim financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the condensed consolidated interim financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, and unaudited financial information of an associate, the aforesaid condensed consolidated interim financial statements give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS 34 - Interim Financial Reporting, of the consolidated state of affairs of the Group and its associate as at 30 June 2018 and their consolidated profit (including other comprehensive income) consolidated cash flows and consolidated statement of changes in equity for the quarter and six months period then ended.

Other matters

1. The comparative financial information of the Group and its associate for the quarter and six months period ended 30 June 2017 and as at 31 December 2017 were audited by predecessor auditors who expressed an unmodified opinion dated 31 July 2017 and 7 February 2018 respectively on the condensed consolidated interim financial statements for the quarter and six months period ended 30 June 2017 and annual consolidated financial statements for the year ended 31 December 2017.
2. We did not audit the interim financial statements of 11 subsidiaries, whose condensed interim financial statements reflect total assets of Rs. 3,398.29 million and net assets of Rs. 2,049.07 million as at 30 June 2018, total revenues of Rs. 1,811.76 million for the quarter and Rs. 3,682 million for the year-to-date period ended 30 June 2018, and net cash inflow amounting to Rs. 19.11 million for the year-to-date period ended on that date, as considered in the condensed consolidated interim financial statements. These condensed interim financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the condensed consolidated interim financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on the report of other auditors.

Independent Auditor's Report (*Continued*)

Hexaware Technologies Limited

Other matters (*Continued*)

3. The condensed consolidated interim financial statements also include the Group's share of net profit (and other comprehensive income) of Rs. 1.71 million for the quarter and Rs. 2.76 million for the year-to-date period ended 30 June 2018, in respect of one associate whose condensed interim financial information have not been audited by us. These financial information are unaudited and have been furnished to us by the Management and our opinion on the condensed consolidated interim financial statements, in so far as it relates to the amounts and disclosures included in respect of the associate is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial information are not material to the Group.

Our opinion above on the condensed consolidated interim financial statements is not modified in respect of the above matters with respect to our reliance on the work done and the reports of other auditors and financial information certified by the Management.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Mumbai
24 July 2018

Akeel Master

Partner

Membership No: 046768

HEXAWARE TECHNOLOGIES LIMITED
CONDENSED INTERIM CONSOLIDATED BALANCE SHEET

		As at	Rupees Million
	Note	June 30, 2018	As at December 31, 2017
ASSETS			
Non-current assets			
Property, plant and equipment	5	3,624.28	3,580.32
Capital work-in-progress		2,433.85	2,563.06
Goodwill	6	1,775.29	1,656.29
Other intangible assets	7	103.88	177.06
Financial assets			
- Investments	8A	26.99	24.23
- Other financial assets	9A	285.15	399.38
Deferred tax assets (net)	10	1,642.88	1,335.54
Income tax asset (net)		376.07	348.44
Other non-current assets	11A	869.95	833.76
Total non-current assets		<u>11,138.34</u>	<u>10,918.08</u>
Current assets			
Financial assets			
- Investments	8B	602.64	189.19
- Trade receivables	12	6,006.32	5,360.31
- Cash and cash equivalents	13A	6,639.60	5,147.41
- Other Bank Balances	13B	149.60	150.26
- Unbilled revenue		3,489.20	2,368.50
- Other financial assets	9B	336.48	641.55
Current Tax Assets (net)		67.39	72.63
Other current assets	11B	540.47	605.22
Total current assets		<u>17,831.70</u>	<u>14,535.07</u>
Total assets		<u>28,970.04</u>	<u>25,453.15</u>
EQUITY AND LIABILITIES			
Equity			
Equity Share capital	14	593.69	593.61
Other Equity		21,784.89	19,479.14
Total equity		<u>22,378.58</u>	<u>20,072.75</u>
Non-current liabilities			
Financial Liabilities			
- Other financial liabilities	15A	159.77	31.16
Provisions - Employee benefit obligations in respect of Gratuity		146.49	179.35
Total non-current liabilities		<u>306.26</u>	<u>210.51</u>
Current liabilities			
Financial Liabilities			
- Trade and other payables	16	2,896.80	2,204.23
- Other financial liabilities	15B	1,626.64	1,603.43
Other current liabilities	17	666.15	589.67
Provisions			
- Employee benefit obligations in respect of compensated absences and others		776.59	699.61
- Others	18	2.95	7.67
Current tax liabilities (net)		316.07	65.28
Total current liabilities		<u>6,285.20</u>	<u>5,169.89</u>
Total liabilities		<u>6,591.46</u>	<u>5,380.40</u>
Total equity and liabilities		<u>28,970.04</u>	<u>25,453.15</u>

The accompanying notes 1 to 29 form an integral part of the condensed interim consolidated financial statements

As per our report of even date

For B S R & Co. LLP

Chartered Accountants

Firm registration number: 101248W/W-100022

For and on behalf of the Board of Directors

Akeel Master

Partner

Membership number: 046768

Mumbai, dated July 24, 2018

R Srikrishna

CEO and Executive Director

Dileep Choksi

Director

HEXAWARE TECHNOLOGIES LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT AND LOSS

		For the quarter ended		For the six months ended	
		June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
		Rupees Million			
Notes					
INCOME					
	Revenue from operations	11,367.30	9,835.83	21,857.17	19,441.17
	Exchange rate difference (net)	289.78	137.77	484.48	153.97
	Other income	37.33	8.98	46.01	21.20
	Total income	11,694.41	9,982.58	22,387.66	19,616.34
EXPENSES					
	Software and development expenses	2,506.65	1,872.25	4,625.51	3,656.47
	Employee benefits expense	6,077.64	5,449.43	11,895.74	10,764.05
	Operation and other expenses	1,010.22	916.13	1,937.47	1,800.15
	Interest - others	0.09	0.51	0.11	0.58
	Depreciation and amortisation expense	181.87	156.57	333.20	313.80
	Total expenses	9,776.47	8,394.89	18,792.03	16,535.05
	Profit before tax and share in profit of associate	1,917.94	1,587.69	3,595.63	3,081.29
	Share in profit / (loss) of associate (Net of tax)	1.71	(0.28)	2.76	(0.50)
	Profit before tax	1,919.65	1,587.41	3,598.39	3,080.79
	Tax expense				
	- Current	419.71	399.07	817.05	837.64
	- Deferred (Credit)	(35.80)	(35.89)	(97.48)	(119.84)
		383.91	363.18	719.57	717.80
	Profit for the period	1,535.74	1,224.23	2,878.82	2,362.99
Other comprehensive income (OCI):					
i) Items that will not be reclassified to profit or loss					
	- Remeasurement of defined benefit plan	52.61	49.68	68.66	68.53
	- Income tax relating to items that will not be reclassified to profit or loss	(9.91)	(9.27)	(12.95)	(13.23)
ii) Items that will be reclassified to profit or loss					
	- Net change in fair value of cash flow hedges	(490.71)	(50.68)	(743.63)	312.77
	- Exchange differences in translating the financial statements of foreign operations	248.75	21.55	453.43	(197.26)
	- Income tax relating to items that will be reclassified to profit or loss	97.71	35.92	147.90	(47.31)
	Total other comprehensive income	(101.55)	47.20	(86.59)	123.50
	Total comprehensive income for the period	1,434.19	1,271.43	2,792.23	2,486.49
Earnings per share (In Rupees)					
	Basic	5.17	4.13	9.70	7.93
	Diluted	5.09	4.08	9.54	7.84

The accompanying notes 1 to 29 form an integral part of the condensed interim consolidated financial statements

As per our report of even date

For B S R & Co. LLP

Chartered Accountants

Firm registration number: 101248W/W-100022

For and on behalf of the Board of Directors

Akeel Master

Partner

Membership number: 046768

Mumbai, dated July 24, 2018

R Srikrishna

CEO and Executive Director

Dileep Choksi

Director

HEXAWARE TECHNOLOGIES LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

A. Equity Share Capital

	Rupees Million	
	June 30, 2018	June 30, 2017
Outstanding at the beginning of the period / year	593.61	604.06
Add: On issue of shares during the period / year	0.08	0.68
Less: On shares bought back during the period / year	-	(11.39)
Outstanding at the end of the period / year (Refer note 14)	593.69	593.35

B. Other Equity

	Rupees Million										
	Share application money pending allotment	Securities premium reserve	Capital reserve	Capital redemption reserve	SEZ Re-investment reserve	Share option outstanding account	General reserve	Retained earnings	Foreign currency translation reserve	Cashflow hedge reserve (CFHR)	Total
Balances as at January 1, 2018	0.61	3,517.94	2.88	11.39	24.08	732.44	2,144.05	11,648.05	931.87	465.83	19,479.14
Profit for the period	-	-	-	-	-	-	-	2,878.82	-	-	2,878.82
Other comprehensive income	-	-	-	-	-	-	-	55.71	453.43	(595.73)	(86.59)
Total comprehensive income for the period	-	-	-	-	-	-	-	2,934.53	453.43	(595.73)	2,792.23
Dividend paid (including dividend tax)	-	-	-	-	-	-	-	(715.13)	-	-	(715.13)
Shares Issued on exercise of stock options	-	2.62	-	-	-	-	-	-	-	-	2.62
Tax benefit on share based compensation	-	-	-	-	-	-	-	37.32	-	-	37.32
Transfer to special economic zone reserve, net	-	-	-	-	254.16	-	-	(254.16)	-	-	-
Received / transferred on exercise of stock options	(0.61)	0.09	-	-	-	(0.09)	-	-	-	-	(0.61)
Compensation related to employee share based payments	-	-	-	-	-	189.32	-	-	-	-	189.32
As at June 30, 2018	-	3,520.65	2.88	11.39	278.24	921.67	2,144.05	13,650.61	1,385.30	(129.90)	21,784.89
Balances as at January 1, 2017	-	4,808.73	2.88	-	332.95	448.07	2,144.05	7,678.04	1,149.59	240.78	16,805.09
Profit for the period	-	-	-	-	-	-	-	2,362.99	-	-	2,362.99
Other comprehensive income	-	-	-	-	-	-	-	55.30	(197.26)	265.46	123.50
Total comprehensive income for the period	-	-	-	-	-	-	-	2,418.29	(197.26)	265.46	2,486.49
Dividend paid (including dividend tax)	-	-	-	-	-	-	-	(713.73)	-	-	(713.73)
Buy-back of shares	-	(1,366.76)	-	11.39	-	-	-	(12.15)	-	-	(1,367.52)
Shares Issued on exercise of stock options	-	6.84	-	-	-	-	-	-	-	-	6.84
Tax benefit on share based compensation	-	-	-	-	-	-	-	-	-	-	-
Transfer to special economic zone reserve, net	-	-	-	-	67.51	-	-	(67.51)	-	-	-
Received / transferred on exercise of stock options	-	54.89	-	-	-	(54.89)	-	-	-	-	-
Compensation related to employee share based payments	-	-	-	-	-	174.89	-	-	-	-	174.89
As at June 30, 2017	-	3,503.70	2.88	11.39	400.46	568.07	2,144.05	9,302.94	952.33	506.24	17,392.06

The accompanying notes 1 to 29 form an integral part of the condensed interim consolidated financial statements

As per our report of even date

For B S R & Co. LLP

Chartered Accountants

Firm registration number: 101248W/W-100022

For and on behalf of the Board of Directors

Akeel Master

Partner

Membership number: 046768

Mumbai, dated July 24, 2018

R Srikrishna

CEO and Executive Director

Dileep Choksi

Director

HEXAWARE TECHNOLOGIES LIMITED
CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT

Rupees Million
For the six months ended

June 30, 2018 **June 30, 2017**

Cash Flow from operating activities

Net Profit before tax	3,598.39	3,080.79
Adjustments for:		
Depreciation and amortization expense	333.20	313.80
Employee stock option compensation cost	189.32	174.89
Interest income	(4.06)	(4.76)
Provision for doubtful accounts (net of write back)	0.51	20.29
Debts and advances written off	5.47	-
Dividend from investments	(5.02)	(5.32)
(Profit) on sale of property, plant and equipment (PPE) (net)	(0.10)	(2.02)
Profit on revaluation of Investments	(0.02)	-
Exchange rate difference (net) - unrealised	(8.77)	(2.17)
Interest expense	0.11	0.58
Other income	(25.55)	-
Share in (profit) / loss of associate	(2.76)	0.50

Operating profit before working capital changes

4,080.72 **3,576.58**

Adjustments for:

Trade receivables and other assets	(1,193.04)	(972.05)
Trade payables and other liabilities	269.71	796.10

Cash generated from operations

3,157.39 **3,400.63**

Direct taxes paid (net)	(604.26)	(851.28)
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Net cash from operating activities

2,553.13 **2,549.35**

Cash flow from investing activities

Purchase of PPE, intangibles including CWIP and capital advances	(259.11)	(592.56)
Proceeds from sale of property, plant and equipment	0.22	2.03
Purchase of investments	(2,240.25)	(2,682.82)
Proceeds from sale/ redemption of investments	1,826.82	2,745.97
Dividend from investments	5.02	5.32
Interest received	4.55	4.74

Net cash used in investing activities

(662.75) **(517.32)**

Cash flow from financing activities

Proceeds from issue of shares / share application money (net)	2.09	7.52
Buy-back of shares (including expenses incurred on buy-back)	-	(1,378.91)
Interest paid	(0.11)	(0.58)
Dividend paid (including corporate dividend tax)	(715.13)	(713.73)

Net cash used in financing activities

(713.15) **(2,085.70)**

Net Increase / (decrease) in cash and cash equivalents	1,177.23	(53.67)
Cash and cash equivalents at the beginning of the period	5,147.41	4,126.38
Add: Unrealised gain / (loss) on foreign currency cash and cash equivalents	314.96	(74.59)
Cash and cash equivalents at the end of the period (Refer Note 13A)	6,639.60	3,998.12

The accompanying notes 1 to 29 form an integral part of the condensed interim consolidated financial statements

As per our report of even date

For B S R & Co. LLP

Chartered Accountants

Firm registration number: 101248W/W-100022

For and on behalf of the Board of Directors

Akeel Master

Partner

Membership number: 046768

Mumbai, dated July 24, 2018

R Srikrishna

CEO and Executive Director

Dileep Choksi

Director

HEXAWARE TECHNOLOGIES LIMITED
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1 Corporate information

Hexaware Technologies Limited ("Hexaware" or "the Company") is a public limited company incorporated in India. The Holding Company together with its subsidiaries ("the Group") is engaged in information technology consulting, software development and business process services. 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 testing.

2 Significant accounting policies and statement of compliance

The condensed interim consolidated financial statements have been prepared in accordance with generally accepted accounting principles in India including Ind AS 34 Interim Financial Reporting and using the same accounting policies as followed in the audited financial statements for the year ended on December 31, 2017. These do not include all of the information required in annual financial statements and should be read in conjunction with the Group's financial statements for the year ended December 31, 2017.

3 Recent accounting pronouncements

Ind AS 115 Revenue from the contracts with customers replaces the current revenue recognition standard, Ind AS 18 Revenue and Ind AS 11 Construction Contracts. This standard provides a single principle based five step model to be applied to all contracts with customers. Guidance is provided on topics such as the point at which revenue is recognised, accounting for variable consideration, cost to fulfill a contract and obtaining a contract and various other related matters.

The standard is applicable to the Company with effect from January 1, 2019, to be applied retrospectively in accordance with the transition guidance. The Company is evaluating the impact of its adoption on its financial statements.

4 Entities to consolidation

The consolidated financial statements present the consolidated accounts of the Company with the following wholly owned subsidiaries and associate accounts drawn upto the same reporting date as that of the Company.

	Name of the Entity	Country of Incorporation
	Wholly owned subsidiaries	
1	Hexaware Technologies Inc.	USA
2	Hexaware Technologies, Mexico S. De. R.L. De. C.V.	Mexico
3	Hexaware Technologies UK Ltd	UK
4	Hexaware Technologies Asia Pacific Pte Limited	Singapore
5	Hexaware Technologies GmbH	Germany
6	Hexaware Technologies Canada Limited	Canada
7	Hexaware Technologies DO Brazil Ltd , Brazil (Subsidiary of Hexaware Technologies UK Ltd)	Brazil
8	Guangzhou Hexaware Information Technologies Company Limited	China
9	Hexaware Technologies LLC	Russia
10	Hexaware Technologies Saudi LLC	Saudi Arabia
11	Hexaware Technologies Romania SRL (Subsidiary of Hexaware Technologies UK Ltd.)	Romania
12	Hexaware Technology & Business Solutions, Inc. (Closed on August 17, 2017) (Subsidiary of Hexaware Technologies Inc.)	USA
13	Hexaware Technologies Hong Kong Limited (Formed on April 24, 2017)	Hong Kong
14	Hexaware Technologies Nordic AB (Formed on September 7, 2017)	Sweden
15	Digitech Technologies Inc. (Formed on November 23, 2017) (Subsidiary of Hexaware Technologies Inc.)	USA
16	Shanghai Hexaware Information Technologies Company Limited (Formed on December 15, 2017)	China
	Associate	
1	Experis Technology Solutions Pte. Ltd. (20% ownership interest held by Hexaware Technologies Asia Pacific Pte Limited)	Singapore

HEXAWARE TECHNOLOGIES LIMITED
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

5 Property, Plant and Equipment (PPE)

Rupees Million

PPE consist of the following:

	<u>Freehold Land</u>	<u>Buildings</u>	<u>Plant and Machinery</u>	<u>Furniture and Fixtures</u>	<u>Vehicles</u>	<u>Office Equipment</u>	<u>Leasehold Improvements</u>	<u>Total</u>
COST								
At January 1, 2018	0.15	2,728.57	2,127.42	742.67	19.63	1,239.95	136.00	6,994.39
Additions	-	152.73	107.25	23.94	-	(5.10)	8.41	287.23
Disposals / adjustments	-	-	(0.94)	-	-	(0.16)	-	(1.10)
Translation exchange difference	-	-	16.19	7.79	0.13	3.22	9.27	36.60
At June 30, 2018	<u>0.15</u>	<u>2,881.30</u>	<u>2,249.92</u>	<u>774.40</u>	<u>19.76</u>	<u>1,237.91</u>	<u>153.68</u>	<u>7,317.12</u>
ACCUMULATED DEPRECIATION								
At January 1, 2018	-	310.85	1,642.28	520.53	12.09	837.62	90.70	3,414.07
Charge for the period	-	26.75	131.51	27.01	1.32	57.19	9.94	253.72
Disposals / adjustments	-	-	(0.82)	-	-	(0.16)	-	(0.98)
Translation exchange difference	-	-	12.96	4.63	0.13	2.03	6.28	26.03
At June 30, 2018	<u>-</u>	<u>337.60</u>	<u>1,785.93</u>	<u>552.17</u>	<u>13.54</u>	<u>896.68</u>	<u>106.92</u>	<u>3,692.84</u>
NET CARRYING AMOUNT								
At June 30, 2018	<u>0.15</u>	<u>2,543.70</u>	<u>463.99</u>	<u>222.23</u>	<u>6.22</u>	<u>341.23</u>	<u>46.76</u>	<u>3,624.28</u>
COST								
At January 1, 2017	0.15	2,251.90	1,891.81	621.88	24.80	866.95	135.49	5,792.98
Additions	-	476.67	319.40	124.35	4.96	376.38	6.69	1,308.45
Disposals	-	-	(76.51)	(0.39)	(10.02)	(3.04)	(0.40)	(90.36)
Translation exchange difference	-	-	(7.28)	(3.17)	(0.11)	(0.34)	(5.78)	(16.68)
At December 31, 2017	<u>0.15</u>	<u>2,728.57</u>	<u>2,127.42</u>	<u>742.67</u>	<u>19.63</u>	<u>1,239.95</u>	<u>136.00</u>	<u>6,994.39</u>
ACCUMULATED DEPRECIATION								
At January 1, 2017	-	264.26	1,474.15	472.04	20.47	706.60	64.46	3,001.98
Charge for the year	-	46.59	251.01	50.83	1.75	134.53	29.39	514.10
Disposals	-	-	(76.47)	(0.39)	(10.02)	(3.04)	(0.40)	(90.32)
Translation exchange difference	-	-	(6.41)	(1.95)	(0.11)	(0.47)	(2.75)	(11.69)
At December 31, 2017	<u>-</u>	<u>310.85</u>	<u>1,642.28</u>	<u>520.53</u>	<u>12.09</u>	<u>837.62</u>	<u>90.70</u>	<u>3,414.07</u>
NET CARRYING AMOUNT								
At December 31, 2017	<u>0.15</u>	<u>2,417.72</u>	<u>485.14</u>	<u>222.14</u>	<u>7.54</u>	<u>402.33</u>	<u>45.30</u>	<u>3,580.32</u>

Note:

i) Plant and machinery includes computer systems

ii) Buildings includes office premises taken on long term finance lease of gross value amounting to Rs. 345.47 million and Rs. 345.47 million as at June 30, 2018 and December 31, 2017, respectively and net carrying value amounting to Rs. 262.31 million and Rs. 261.81 million as at June 30, 2018 and December 31, 2017, respectively.

HEXAWARE TECHNOLOGIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 Goodwill

Following is a summary of changes in the carrying amount of goodwill:

Rupees Million

As at January 31, 2017	1,761.18
Translation exchange rate difference	(104.89)
As at December 31, 2017	<u>1,656.29</u>
Translation exchange rate difference	119.00
As at June 30, 2018	<u><u>1,775.29</u></u>

HEXAWARE TECHNOLOGIES LIMITED
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

7 Intangible assets

Rupees Million

Intangible assets consist of the following:

	Software licenses	Customer Contracts/Relations	Total
<u>COST</u>			
At January 1, 2018	594.75	141.87	736.62
Additions	19.94	-	19.94
Disposals / Adjustments	-	(14.17)	(14.17)
Translation exchange difference	6.03	(1.86)	4.17
At June 30, 2018	<u>620.72</u>	<u>125.84</u>	<u>746.56</u>
<u>ACCUMULATED AMORTISATION</u>			
At January 1, 2018	494.07	65.49	559.56
Amortisation for the period	36.26	43.22	79.48
Translation exchange difference	4.81	(1.17)	3.64
At June 30, 2018	<u>535.14</u>	<u>107.54</u>	<u>642.68</u>
<u>NET CARRYING AMOUNT</u>			
At June 30, 2018	<u>85.58</u>	<u>18.30</u>	<u>103.88</u>
<u>COST</u>			
At January 1, 2017	536.40	142.44	678.84
Additions	62.88	-	62.88
Translation exchange difference	(4.53)	(0.57)	(5.10)
At December 31, 2017	<u>594.75</u>	<u>141.87</u>	<u>736.62</u>
<u>ACCUMULATED AMORTISATION</u>			
At January 1, 2017	410.20	34.19	444.39
Amortisation for the year	86.89	31.78	118.67
Translation exchange difference	(3.02)	(0.48)	(3.50)
At December 31, 2017	<u>494.07</u>	<u>65.49</u>	<u>559.56</u>
<u>NET CARRYING AMOUNT</u>			
At December 31, 2017	<u>100.68</u>	<u>76.38</u>	<u>177.06</u>

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

HEXAWARE TECHNOLOGIES LIMITED
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Rupees Million

8 Investments	<u>As at</u>	<u>As at</u>
A Non current investments in equity shares (unquoted)	<u>June 30, 2018</u>	<u>December 31, 2017</u>
<u>Investment in Associate</u>		
250,000 shares of USD 1/- each in Experis Technology Solutions Pte. Ltd.	22.41	19.65
<u>Other Investments</u>		
<u>At fair value through other comprehensive Income</u>		
240,958 equity shares of Rs. 10/- each in Beta Wind Farm Pvt. Ltd.	4.58	4.58
	<u>26.99</u>	<u>24.23</u>
B Current investments in mutual funds (unquoted)		
<u>At fair value through profit or loss account</u>		
Mutual fund units	602.64	189.19
	<u>602.64</u>	<u>189.19</u>
9 Other financial assets (unsecured) (considered good)		
A Non-current		
	<u>As at</u>	<u>As at</u>
	<u>June 30, 2018</u>	<u>December 31, 2017</u>
Interest accrued on bank deposits	0.69	0.78
Foreign currency derivative assets	7.79	136.10
Restricted bank balances (a)	31.04	34.55
Security deposits for premises and others	245.63	227.95
	<u>285.15</u>	<u>399.38</u>
	<u>285.15</u>	<u>399.38</u>
(a) Restriction on account of bank deposits held as margin money.		
.		
B Current		
	<u>As at</u>	<u>As at</u>
	<u>June 30, 2018</u>	<u>December 31, 2017</u>
Interest accrued on bank deposits	0.66	1.06
Receivable from Service provider	83.33	-
Foreign currency derivative assets	170.55	586.24
Security deposits for premises and others (b)	6.32	6.28
Employee advances (Net)	75.62	47.97
	<u>336.48</u>	<u>641.55</u>
	<u>336.48</u>	<u>641.55</u>

(b) Exclude deposits aggregating Rs. 34.56 million and Rs. 34.56 million provided as doubtful of recovery basis the expected credit loss model as of June 30, 2018 and December 31, 2017 respectively.

HEXAWARE TECHNOLOGIES LIMITED
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

10	Components of deferred taxes as at:	<u>June 30, 2018</u>	<u>Rupees Million</u> <u>December 31, 2017</u>
	Deferred tax assets		
	Allowance for doubtful debts and advances	29.05	24.92
	Employee benefit obligations	339.76	321.17
	Provision for severance pay	1.03	2.54
	Minimum alternate tax credit carry forward	1,304.99	1,233.77
	Share based payment	121.95	56.66
	Unrealised loss on cash flow hedges	31.31	-
	Others	0.97	6.79
	Total	<u>1,829.06</u>	<u>1,645.85</u>
	Deferred tax liabilities		
	Unrealised gain on cash flow hedges	-	116.59
	Depreciation	186.18	193.72
	Total	<u>186.18</u>	<u>310.31</u>
	Net deferred tax asset	<u><u>1,642.88</u></u>	<u><u>1,335.54</u></u>

HEXAWARE TECHNOLOGIES LIMITED
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Rupees Million

11 Other assets (unsecured)

A Non-current

	<u>As at</u> <u>June 30, 2018</u>	<u>As at</u> <u>December 31, 2017</u>
Capital Advances	39.58	1.37
Prepaid Expenses relating to leasehold land *	533.48	525.04
Other Prepaid Expenses	198.26	226.25
Indirect taxes recoverable	98.63	81.10
	<u>869.95</u>	<u>833.76</u>

* includes unamortized lease premium in respect of one parcel of leasehold land allotted to the company at Nagpur for which the final lease agreement is being executed amounting to Rs. 80.32 million and Rs. 80.78 million as at June 30, 2018 and December 31, 2017, respectively

B Current

	<u>As at</u> <u>June 30, 2018</u>	<u>As at</u> <u>December 31, 2017</u>
Prepaid Expenses	420.70	448.81
Indirect taxes recoverable	102.37	143.85
Others	17.40	12.56
	<u>540.47</u>	<u>605.22</u>

12 Trade Receivables (unsecured)

	<u>As at</u> <u>June 30, 2018</u>	<u>As at</u> <u>December 31, 2017</u>
Considered good	6,006.32	5,360.31
Considered doubtful	108.37	102.71
Less: Allowance for doubtful receivables	(108.37)	(102.71) #
	<u>6,006.32</u>	<u>5,360.31</u>

13 Cash and bank balances

A Cash and cash equivalents

	<u>As at</u> <u>June 30, 2018</u>	<u>As at</u> <u>December 31, 2017</u>
Remittance in transit	27.13	-
Cash in hand	0.08	0.01
In current accounts with banks	6,598.04	5,098.66
Bank deposit accounts with less than 3 months maturity	14.35	48.74
Unclaimed dividend accounts	149.60	150.26
Margin money with banks	31.04	34.55
	<u>6,820.24</u>	<u>5,332.22</u>
Less: Restricted bank balances	-180.64	-184.81
	<u>6,639.60</u>	<u>5,147.41</u>

B Other bank balances

Restricted bank balances in respect of unclaimed dividend	149.60	150.26
	<u>149.60</u>	<u>150.26</u>

HEXAWARE TECHNOLOGIES LIMITED
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

14 Equity Share Capital		As at	Rupees Million
14.1 <u>Authorised capital</u>		June 30, 2018	As at
		December 31, 2017	
	525,000,000 Equity shares of Rs. 2 each	1,050.00	1,050.00
	1,100,000 Series "A" Preference Shares of Rs.1,421 each	1,563.10	1,563.10
14.2 <u>Issued, subscribed and paid-up capital</u>		June 30, 2018	December 31, 2017
	Equity shares of Rs. 2 each	593.69	593.61
14.3 <u>Reconciliation of number of shares</u>		June 30, 2018	December 31, 2017
	Shares outstanding at the beginning of the period / year	296,803,757	302,028,195
	Shares issued during the period / year	42,372	470,397
	Shares bought back during the period / year	-	-5,694,835
	Shares outstanding at the end of the period / year	296,846,129	296,803,757
14.4 <u>Rights, preferences and restrictions attached to equity shares</u>			
<p>The Company has one class of equity shares having a par value of Rs. 2 each. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all liabilities, in proportion to their shareholding.</p>			
14.5 <u>Details of shares held by shareholders holding more than 5% shares</u>			
<u>Name of shareholder</u>		June 30, 2018	December 31, 2017
HT Global IT Solutions Holdings Ltd. (Holding Company)	No. of shares held	211,318,590	211,318,590
	% of holding	71.19%	71.20%
HDFC Trustee Company Ltd.	No. of shares held	17,673,279	18,885,481
	% of holding	5.95%	6.36%
<p>14.6 During the year ended December 31, 2017, the Company bought back 5,694,835 shares at Rs. 240 per share aggregating Rs. 1,366.76 million by utilisation of securities premium. The cost relating to buy-back was charged to other equity.</p>			
14.7 <u>Shares reserved for issue under options</u>			
<p>The Company has granted employee stock options under ESOP 2002, 2007 and 2008 schemes and restricted stock units (RSU's) under the ESOP 2008 and 2015 scheme. Each option/RSU entitles the holder to one equity share of Rs. 2 each. 9,429,453 options / RSU's were outstanding as on June 30, 2018 (9,667,235 as on December 31, 2017).</p>			
<p>14.8 The dividend per share recognised as distribution to equity shareholders during the period ended June 30, 2018 was Rs. 2 per share (year ended December 31, 2017 Rs. 4.00 per share and period ended June 30, 2017 Rs.2.00 per share)</p>			

HEXAWARE TECHNOLOGIES LIMITED
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Rupees Million

15 Other financial liabilities

A Non-current

	<u>As at</u> <u>June 30, 2018</u>	<u>As at</u> <u>December 31, 2017</u>
Capital creditors	-	25.55
Foreign currency derivative liabilities	157.22	3.40
Others	2.55	2.21
	<u>159.77</u>	<u>31.16</u>

B Current

	<u>As at</u> <u>June 30, 2018</u>	<u>As at</u> <u>December 31, 2017</u>
Unclaimed dividend	149.60	150.25
Capital creditors	82.00	125.54
Deposit received from customer	0.03	0.03
Employee liabilities	1,237.52	1,323.12
Foreign currency derivative liabilities	157.49	4.49
	<u>1,626.64</u>	<u>1,603.43</u>

16 Trade and other payables

	<u>As at</u> <u>June 30, 2018</u>	<u>As at</u> <u>December 31, 2017</u>
Trade payables	1,909.24	1,292.02
Accrued expenses	987.56	912.21
	<u>2,896.80</u>	<u>2,204.23</u>

17 Other liabilities

Current

	<u>As at</u> <u>June 30, 2018</u>	<u>As at</u> <u>December 31, 2017</u>
Unearned revenues	178.29	217.99
Statutory liabilities	487.86	371.68
	<u>666.15</u>	<u>589.67</u>

18 Provisions - Others

	<u>June 30, 2018</u>	<u>December 31, 2017</u>
Provision at the beginning of the year	7.67	171.93
Paid during the year	(3.19)	(111.89)
Adjusted during the year	(1.53)	(52.37)
Provision at the end of the year	<u>2.95</u>	<u>7.67</u>

Above represents provisions towards expenditure relating to employee benefit obligations on contract acquisition, the outflow for which is expected within the next year.

HEXAWARE TECHNOLOGIES LIMITED
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

19 Other income	Rupees Million		Rupees Million	
	For the quarter ended		For the six months ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Dividend	3.27	1.00	5.02	5.32
Interest income	2.99	1.31	4.06	4.76
Profit on sale of property, plant and equipment (net)	0.08	0.75	0.10	2.02
Liability no longer required written back *	27.39	-	27.39	-
Miscellaneous income	3.60	5.92	9.44	9.10
	<u>37.33</u>	<u>8.98</u>	<u>46.01</u>	<u>21.20</u>

* Consequent to the termination of contract with a Russian vendor in respect of customer contracts / relations (included under Intangible assets) in Russian subsidiary, a liability thereof, no longer payable has been written back.

20 Software and development expenses	Rupees Million		Rupees Million	
	For the quarter ended		For the six months ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Consultant travel and related expenses	520.86	466.15	944.62	906.80
Software expenses *	1,985.79	1,406.10	3,680.89	2,749.67
	<u>2,506.65</u>	<u>1,872.25</u>	<u>4,625.51</u>	<u>3,656.47</u>

* includes sub- contracting charges

21 Employee benefits expense	Rupees Million		Rupees Million	
	For the quarter ended		For the six months ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Salary and allowances	5,236.36	4,637.38	10,244.49	9,237.63
Contribution to provident, other funds and benefits	627.55	569.12	1,228.73	1,113.31
Staff welfare expenses	117.53	121.87	233.20	238.22
Employee stock option compensation cost	96.20	121.06	189.32	174.89
	<u>6,077.64</u>	<u>5,449.43</u>	<u>11,895.74</u>	<u>10,764.05</u>

22 Operation and Other Expenses	Rupees Million		Rupees Million	
	For the quarter ended		For the six months ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Rent	98.30	98.04	199.50	207.36
Rates and taxes	17.76	9.66	35.08	18.94
Travelling and conveyance	222.20	183.68	432.88	382.38
Electricity charges	70.12	66.50	124.50	120.92
Communication expenses	69.72	65.95	119.90	128.41
Repairs and maintenance	118.26	107.02	241.82	214.50
Printing and stationery	8.81	11.85	19.64	22.54
Auditors remuneration	8.07	9.22	14.03	18.51
Legal and professional fees	65.68	65.74	120.80	98.27
Advertisement and business promotion	101.72	84.34	176.12	149.48
Bank and other charges	3.89	2.77	8.93	6.13
Directors' sitting fees	0.69	0.54	1.18	1.23
Insurance charges	11.89	12.95	26.77	25.61
Debts and advances written off	4.73	-	5.47	-
Provision for doubtful accounts (net of write back)	(3.29)	3.00	0.51	20.29
Staff recruitment expenses	48.99	58.32	96.38	130.21
Service charges	102.83	69.62	199.56	135.89
Miscellaneous expenses	59.85	66.93	114.40	119.48
	<u>1,010.22</u>	<u>916.13</u>	<u>1,937.47</u>	<u>1,800.15</u>

HEXAWARE TECHNOLOGIES LIMITED
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

23 Earnings per share (EPS)

The components of basic and diluted EPS were as follows:

	For the quarter ended		For the six months ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Net profit after tax (Rupees Million)	1,535.74	1,224.23	2,878.82	2,362.99
Weighted average outstanding equity shares considered for basic EPS (Nos.)	296,844,000	296,658,012	296,834,476	298,132,668
Basic earnings per share (In Rupees)	5.17	4.13	9.70	7.93
Weighted average outstanding equity shares considered for basic EPS (Nos.)	296,844,000	296,658,012	296,834,476	298,132,668
Add : Effect of dilutive issue of stock options (Nos.)	4,980,502	3,158,717	4,924,614	3,302,872
Weighted average outstanding equity shares considered for diluted EPS (Nos.)	301,824,501	299,816,729	301,759,089	301,435,540
Diluted earnings per share (In Rupees)	5.09	4.08	9.54	7.84

24 Related party disclosures

Names of related parties

Ultimate Holding Company and it's subsidiaries

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

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

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

Holding Company (control exists)

HT Global IT Solutions Holdings Limited, Mauritius

Associate

Experis Technology Solutions Pte Ltd., Singapore

Key Management Personnel (KMP)

Executive Director and CEO

R. Srikrishna

Non-executive directors

Atul K Nishar

Kosmas Kalliarekos

Jimmy Mehtani

Dileep Choksi

Bharat Shah

P R Chandrasekar

Meera Shankar

Christian Oecking

Basab Pradhan

Rupees Million

Transactions	For the quarter ended		For the six months ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Associate				
Software and consultancy income	26.09	47.73	65.09	47.73
Remuneration to KMP and directors				
Short term employee benefits	22.29	21.28	45.65	44.27
Share based payment	12.31	12.70	24.49	25.27
Commission and other benefits to non-executive directors *	10.75	10.05	20.93	20.16
* Provision is made for the commission for the period ended June 30, 2018, payment of which is subject to adequacy of profits to be determined annually.				

Closing balances as at	June 30, 2018	December 31, 2017
	Receivables from associate	18.25
Payable to / provision for KMP	42.30	64.05

HEXAWARE TECHNOLOGIES LIMITED
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

25 Financial Instruments

Rupees Million

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

	Amortised Cost	Fair value through profit and loss	Fair value through other comprehensive income	Derivative instrument in hedging relationship	Total carrying / fair value
June 30, 2018					
Cash and cash equivalents	6,639.60	-	-	-	6,639.60
Other bank balances	149.60	-	-	-	149.60
Investments in mutual fund units	-	602.64	-	-	602.64
Trade receivables	6,006.32	-	-	-	6,006.32
Unbilled revenue	3,489.20	-	-	-	3,489.20
Other financial assets	443.29	-	-	178.34	621.63
Investments in equity shares	-	-	4.58	-	4.58
	16,728.01	602.64	4.58	178.34	17,513.57
Trade payables	2,896.80	-	-	-	2,896.80
Other financial liabilities	1,471.70	-	-	314.71	1,786.41
	4,368.50	-	-	314.71	4,683.21
December 31, 2017					
Cash and cash equivalents	5,147.41	-	-	-	5,147.41
Other bank balances	150.26	-	-	-	150.26
Investments in mutual fund units	-	189.19	-	-	189.19
Trade receivables	5,360.31	-	-	-	5,360.31
Unbilled revenue	2,368.50	-	-	-	2,368.50
Other financial assets	318.59	-	-	722.34	1,040.93
Investments in equity shares	-	-	4.58	-	4.58
	13,345.07	189.19	4.58	722.34	14,261.18
Trade payables	2,204.23	-	-	-	2,204.23
Other financial liabilities	1,626.70	-	-	7.89	1,634.59
	3,830.93	-	-	7.89	3,838.82

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

HEXAWARE TECHNOLOGIES LIMITED
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

25 Financial Instruments (Cont'd)

25.2 Fair value hierarchy

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability

The following table presents fair value hierarchy of financial assets and liabilities measured at fair value on a recurring basis:

	Rupees Million			
June 30, 2018	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>	<u>Total</u>
Mutual fund units	602.64	-	-	602.64
Investments in equity shares	-	-	4.58	4.58
Derivative financial assets	-	178.34	-	178.34
	<u>602.64</u>	<u>178.34</u>	<u>4.58</u>	<u>785.56</u>
Derivative financial liabilities	-	314.71	-	314.71
	<u>-</u>	<u>314.71</u>	<u>-</u>	<u>314.71</u>
December 31, 2017	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>	<u>Total</u>
Mutual fund units	189.19	-	-	189.19
Investments in equity shares	-	-	4.58	4.58
Derivative financial assets	-	722.34	-	722.34
	<u>189.19</u>	<u>722.34</u>	<u>4.58</u>	<u>916.11</u>
Derivative financial liabilities	-	7.89	-	7.89
	<u>-</u>	<u>7.89</u>	<u>-</u>	<u>7.89</u>

Valuation Technique

Investment in mutual funds is measured at the redemption price declared by the mutual fund. Derivatives are measured basis the counterparty quotes obtained. Cost of investments in equity shares is considered to be representative of fair value.

25.3 Derivative financial instrument

The Group uses derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in foreign exchange rates on trade receivables and forecasted cash flows denominated in certain foreign currencies.

The Group had outstanding hedging instrument in the form of foreign currency forward contracts as at:

	in Million	
Currency hedged (Sell contracts)	June 30 2018	December 31 2017
USD	179.18	152.88
Euro	6.60	3.90
GBP	12.58	7.50

The weighted average forward rate for the hedges outstanding as at June 30, 2018 is Rs. 70.14, Rs. 85.61 and Rs. 95.37 (As at December 31, 2017 Rs. 70.98, Rs. 82.16 and Rs. 91.87) for USD, Euro and GBP, respectively. The hedges mature over the eight quarters.

The movement in accumulated other comprehensive income on account of derivatives designated as cash flow hedges is as under:

	Rupees Million	
	<u>For period ended June 30, 2018</u>	<u>For period ended June 30, 2017</u>
Balance at the beginning of the year	465.83	240.78
Less: Net gains transferred to statement of profit or loss on occurrence of forecasted hedge transaction	(210.25)	(245.83)
Add / (less): Changes in the fair value of the effective portion of outstanding cash flow hedges	(533.38)	558.60
Less : Deferred tax	147.90	(47.31)
Balance at the end of the period / year	<u>-129.90</u>	<u>506.24</u>

There were no material hedge ineffectiveness for the period ended June 30, 2018 and June 30, 2017.

HEXAWARE TECHNOLOGIES LIMITED
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

26 Segment disclosures

The reportable business segments have been identified taking into account the services offered to customers globally operating in different industry segments based on management approach. The Chief Operating Decision Maker evaluates the Group's performance and allocates resources based on analysis of various performance indicators by below business. The Group's organization structure reflects the industry segmentation. Following are the business segments:

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

Effective from January 1, 2018, the Group changed its internal organisation structure resulting in PS being a reportable segment which was earlier included in M & C. Corresponding information for earlier period is restated to give effect to the above change.

Segment results for the quarter ended June 30, 2018						Rupees Million
	<u>T & T</u>	<u>BFS</u>	<u>H & I</u>	<u>PS</u>	<u>M & C</u>	<u>Total</u>
Revenue	1,266.02	4,870.49	1,949.07	1,450.52	1,831.20	11,367.30
Expenses	(1,016.72)	(4,252.63)	(1,597.45)	(1,250.40)	(1,477.31)	(9,594.51)
Segment Profit	<u>249.30</u>	<u>617.86</u>	<u>351.62</u>	<u>200.12</u>	<u>353.89</u>	<u>1,772.79</u>
Less: Depreciation						(181.87)
Add: Exchange rate differences (net)						289.78
Add: Other income						37.33
Less: Interest						(0.09)
Add: Share in net profit of associate						1.71
Profit Before Tax						<u>1,919.65</u>
Less: Tax expense						(383.91)
Profit after tax						<u>1,535.74</u>

Segment results for the quarter ended June 30, 2017						Rupees Million
	<u>T & T</u>	<u>BFS</u>	<u>H & I</u>	<u>PS</u>	<u>M & C</u>	<u>Total</u>
Revenue	1,316.33	4,262.79	1,534.83	1,401.99	1,319.89	9,835.83
Expenses	(1,024.97)	(3,720.88)	(1,280.78)	(1,207.08)	(1,004.10)	(8,237.81)
Segment Profit	<u>291.36</u>	<u>541.91</u>	<u>254.05</u>	<u>194.91</u>	<u>315.79</u>	<u>1,598.02</u>
Less: Depreciation						(156.57)
Add: Exchange rate differences (net)						137.77
Add: Other income						8.98
Less: Interest						(0.51)
Less: Share in net loss of associate						(0.28)
Profit Before Tax						<u>1,587.41</u>
Less: Tax expense						(363.18)
Profit after tax						<u>1,224.23</u>

HEXAWARE TECHNOLOGIES LIMITED
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

26 Segment disclosures (Cont'd)

Segment results for the six months ended June 30, 2018						Rupees Million
	<u>T & T</u>	<u>BFS</u>	<u>H & I</u>	<u>PS</u>	<u>M & C</u>	<u>Total</u>
Revenue	2,645.29	9,449.39	3,632.16	2,721.98	3,408.35	21,857.17
Expenses	(2,005.93)	(8,292.99)	(2,985.07)	(2,391.69)	(2,783.04)	(18,458.72)
Segment Profit	<u>639.36</u>	<u>1,156.40</u>	<u>647.09</u>	<u>330.29</u>	<u>625.31</u>	<u>3,398.45</u>
Less: Depreciation						(333.20)
Add: Exchange rate differences						484.48
Add: Other income						46.01
Less: Interest						(0.11)
Add: Share in net profit of associate						2.76
Profit Before Tax						<u>3,598.39</u>
Less: Tax expense						<u>(719.57)</u>
Profit after tax						<u>2,878.82</u>

Segment results for the six months ended June 30, 2017						Rupees Million
	<u>T & T</u>	<u>BFS</u>	<u>H & I</u>	<u>PS</u>	<u>M & C</u>	<u>Total</u>
Revenue	2,625.37	8,361.99	3,040.26	2,784.47	2,629.08	19,441.17
Expenses	(2,044.90)	(7,377.88)	(2,445.21)	(2,372.16)	(1,980.52)	(16,220.67)
Segment Profit	<u>580.47</u>	<u>984.11</u>	<u>595.05</u>	<u>412.31</u>	<u>648.56</u>	<u>3,220.50</u>
Less: Depreciation						(313.80)
Add: Exchange rate differences						153.97
Add: Other income						21.20
Less: Interest						(0.58)
Less: Share in net loss of associate						<u>(0.50)</u>
Profit Before Tax						<u>3,080.79</u>
Less: Tax expense						<u>(717.80)</u>
Profit after tax						<u>2,362.99</u>

HEXAWARE TECHNOLOGIES LIMITED
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

27 Contingent liabilities

27.1 Contingent liabilities

Claims not acknowledged as debt amounts to Rs. 28.14 million (Rs. 28.14 million as on December 31, 2017), being a claim from landlord of a premise occupied by the Company in an earlier year. The Company is confident of successfully contesting the aforesaid matter and does not expect any outflow on this count.

27.2 Claims for taxes on income

Where Company is in appeal

Income tax demands of Rs. 9.59 million (Rs. 9.59 million as on December 31, 2017) have been raised in respect of assessments completed in earlier year, arising from certain disallowances by the Income tax authorities. The Company has appealed against the orders and based on merit, expects favourable outcome. Accordingly, no provision against such demand is considered necessary.

28 Material events after Balance Sheet date

There is no significant event after reporting date which requires amendments or disclosure to these condensed interim consolidated financial statements except the matter mentioned below:

The Board of Directors, at its meeting held on July 24, 2018 has declared interim dividend of Rs 2.50 per equity share (125%). This would result in cash outflow of Rs. 894.66 Million including corporate dividend tax of Rs. 152.54 million.

29 Approval of the financial statements

The condensed consolidated financial statements were approved for issue by the Board of Directors on July 24, 2018.