

Independent Auditors' Report

To the Board of Directors of Hexaware Technologies Limited

Report on the Condensed Interim Consolidated Ind AS Financial Statements

Opinion

We have audited the condensed consolidated interim financial statements of Hexaware Technologies Limited (hereinafter referred to as the 'Holding Company') and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group") and its associate, which comprise the condensed consolidated Balance Sheet as at 31 March 2019, and the condensed consolidated statement of Profit and Loss (including other comprehensive income), condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the quarter then ended, and notes to the condensed consolidated interim financial statements, including a summary of significant accounting policies (hereinafter referred to as "the condensed interim consolidated financial statements") and other explanatory information as required by Indian Accounting Standard (Ind AS 34) "Interim Financial Reporting" and other accounting principles generally accepted in India.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid condensed consolidated interim financial statements give a true and fair view in conformity with Ind AS 34 and other accounting principles generally accepted in India, of the consolidated state of affairs of the Company as at 31 March 2019, of consolidated profit and other comprehensive income, consolidated changes in equity and its consolidated cash flows for the quarter then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 ("Act"). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Condensed Consolidated Interim Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Companies Act, 2013. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent Auditors' Report (*Continued*)

Hexaware Technologies Limited

Responsibilities of Management and Those Charged with Governance for the Condensed Consolidated Interim Financial Statements

The Holding Company's management and Board of Directors are responsible for the preparation and presentation of these condensed consolidated interim financial statements that give a true and fair view of the consolidated state of affairs, consolidated profit and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group including its associate in accordance with Ind AS 34 prescribed under section 133 of the Act and other accounting principles generally accepted in India. 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 of the assets of the Group 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 accuracy and completeness of the accounting records, relevant to the preparation and presentation of the condensed consolidated 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.

In preparing the condensed consolidated interim financial statements, the respective management and Board of Directors of the companies included in the Group and of its associate, are responsible for assessing the ability of the Group and of its associate 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 Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associate are responsible for overseeing the financial reporting process of the Group and of its associate.

Auditor's Responsibilities for the Audit of the Condensed Consolidated Interim Financial Statements

Our objectives are to obtain reasonable assurance about whether the condensed consolidated interim 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 condensed consolidated interim 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 condensed consolidated interim 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.

Independent Auditors' Report (*Continued*)

Hexaware Technologies Limited

Auditor's Responsibilities for the Audit of the Condensed Consolidated Interim Financial Statements (*Continued*)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- 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 ability of the Group and its associate 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 condensed consolidated interim 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 Group and its associate to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the condensed consolidated interim financial statements, including the disclosures, and whether the condensed consolidated interim financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group and its associate to express an opinion on the condensed consolidated interim financial statements, of which we are the independent auditors. We are responsible for the direction, supervision and performance of the audit of financial information of such entities. For the other entities included in the condensed consolidated interim financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para 1 of the section titled 'Other Matters' in this audit report.

We communicate with those charged with governance of the Holding Company and such other entities included in the condensed consolidated interim financial statements of which we are the independent auditors 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.

Independent Auditors' Report (*Continued*)

Hexaware Technologies Limited

Other Matters

1. We did not audit the financial statements of 11 subsidiaries whose condensed interim financial statements reflect total assets of Rs. 3,686.93 million as at 31 March 2019, total revenues of Rs. 2,054.75 million for the quarter ended and net cash outflows amounting to Rs. 394.04 million for the quarter ended, 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.
2. The condensed interim consolidated financial statements also include the Group's share of net profit (including other comprehensive income) of Rs.0.60 million for the quarter ended 31 March 2019, as considered in the condensed interim consolidated financial statements, in respect of one associate, whose condensed interim consolidated financial information have not been audited by us or by other auditors. These unaudited financial information 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 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 the other auditors and the financial information certified by the Management.

For **BSR & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Mumbai
24 April 2019

Rajesh Mehra
Partner
Membership No: 103145

HEXAWARE TECHNOLOGIES LIMITED
CONDENSED INTERIM CONSOLIDATED BALANCE SHEET

		As at	Rupees Million As at
	Note	March 31, 2019	December 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	5	4,164.31	3,827.85
Capital work-in-progress		2,077.84	2,244.43
Goodwill	6	1,793.03	1,809.08
Other intangible assets	7	90.93	104.59
Financial assets			
- Investments	8A	26.50	25.89
- Other financial assets	9A	521.22	385.99
Deferred tax assets (net)	10	1,822.19	1,784.14
Income tax asset (net)		366.91	374.25
Other non-current assets	11A	1,096.50	909.12
Total non-current assets		<u>11,959.43</u>	<u>11,465.34</u>
Current assets			
Financial assets			
- Investments	8B	142.61	101.28
- Trade receivables	12	7,011.66	8,031.00
- Cash and cash equivalents	13A	8,366.35	8,050.55
- Other Bank Balances	13B	158.52	154.38
- Unbilled revenue		3,276.08	2,729.85
- Other financial assets	9B	471.18	166.53
Current Tax Assets (net)		44.19	36.39
Other current assets	11B	543.29	599.35
Total current assets		<u>20,013.88</u>	<u>19,869.33</u>
Total assets		<u>31,973.31</u>	<u>31,334.67</u>
EQUITY AND LIABILITIES			
Equity			
Equity Share capital	14	595.41	594.72
Other Equity		24,097.78	23,323.93
Total equity		<u>24,693.19</u>	<u>23,918.65</u>
Non-current liabilities			
Financial Liabilities			
- Other financial liabilities	15A	11.25	75.64
Provisions - Employee benefit obligations in respect of Gratuity		238.31	230.38
Total non-current liabilities		<u>249.56</u>	<u>306.02</u>
Current liabilities			
Financial Liabilities			
- Trade and other payables	16	2,958.77	3,299.90
- Other financial liabilities	15B	2,219.07	1,914.69
Other current liabilities	17	792.93	1,014.28
Provisions			
- Employee benefit obligations in respect of compensated absences and others		734.48	685.28
- Others	18	-	-
Current tax liabilities (net)		325.31	195.85
Total current liabilities		<u>7,030.56</u>	<u>7,110.00</u>
Total liabilities		<u>7,280.12</u>	<u>7,416.02</u>
Total equity and liabilities		<u>31,973.31</u>	<u>31,334.67</u>

The accompanying notes 1 to 29 form an integral part of the 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

Rajesh Mehra
Partner
Membership number: 103145
Mumbai, dated April 24, 2019

R. Srikrishna
(CEO & Executive Director)
(DIN-03160121)

Dileep Choksi
(Director)
(DIN-00016322)

HEXAWARE TECHNOLOGIES LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT AND LOSS

Rupees Million
(except EPS)

	Notes	For the quarter ended	
		March 31, 2019	March 31, 2018
INCOME			
Revenue from operations		12,640.19	10,489.87
Exchange rate difference (net)		(82.54)	194.70
Other income	19	40.74	8.68
Total income		12,598.39	10,693.25
EXPENSES			
Software and development expenses	20	3,054.61	2,118.86
Employee benefits expense	21	6,660.85	5,818.10
Operation and other expenses	22	1,038.09	927.25
Interest - others		0.07	0.02
Depreciation and amortisation expense	5, 7	148.27	151.33
Total expenses		10,901.89	9,015.56
Profit before tax and share in profit of associate		1,696.50	1,677.69
Share in profit of associate (Net of tax)		0.61	1.05
Profit before tax		1,697.11	1,678.74
Tax expense			
- Current		430.28	397.34
- Deferred (Credit)		(117.94)	(61.68)
Total tax expense		312.34	335.66
Profit for the year		1,384.77	1,343.08
Other comprehensive income (OCI):			
<i>i) Items that will not be reclassified to profit or loss</i>			
- Remeasurement of defined benefit plan		29.53	16.05
- Income tax relating to items that will not be reclassified to profit or loss		(2.67)	(3.04)
<i>ii) Items that will be reclassified to profit or loss</i>			
- Net change in fair value of cash flow hedges		345.02	(252.92)
- Exchange differences in translating the financial statements of foreign operations		(51.75)	204.68
- Income tax relating to items that will be reclassified to profit or loss		(73.03)	50.19
Total other comprehensive income		247.10	14.96
Total comprehensive income for the year		1,631.87	1,358.04
Earnings per share (EPS) (In Rupees)			
Basic	23	4.65	4.52
Diluted		4.58	4.46

The accompanying notes 1 to 29 form an integral part of the 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

Rajesh Mehra

Partner

Membership number: 103145

Mumbai, dated April 24, 2019

R. Srikrishna

(CEO & Executive Director)

(DIN-03160121)

Dileep Choksi

(Director)

(DIN-00016322)

HEXAWARE TECHNOLOGIES LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

A. Equity Share Capital

	Rupees Million	
	March 31, 2019	March 31, 2018
Outstanding at the beginning of the period / year	594.72	593.61
Add: On issue of shares during the period / year	0.69	0.07
Less: On shares bought back during the period / year	-	-
Outstanding at the end of the period / year	595.41	593.68

(Refer note 14)

B. Other Equity

	Rupees Million										
	Share application money pending allotment	Securities premium	Capital reserve	Capital redemption reserve	SEZ Re-investment reserve	Share option outstanding account	General reserve	Retained earnings	Other comprehensive income	Cashflow hedge reserve (CFHR)	Total
Balances as at January 1, 2019	0.42	3,635.69	2.88	11.39	476.45	991.75	2,144.05	14,574.38	1,501.78	(14.86)	23,323.93
Profit for the period	-	-	-	-	-	-	-	1,384.77	-	-	1,384.77
Other comprehensive income (net of tax)	-	-	-	-	-	-	-	26.86	(51.75)	271.99	247.10
Total comprehensive income for the year	-	-	-	-	-	-	-	1,411.63	(51.75)	271.99	1,631.87
Dividend paid (including dividend tax)	-	-	-	-	-	-	-	(897.24)	-	-	(897.24)
Shares Issued on exercise of stock options	-	-	-	-	-	-	-	-	-	-	-
Tax benefit on share based compensation	-	-	-	-	-	-	-	(3.39)	-	-	(3.39)
Transfer to SEZ Re-investment reserve	-	-	-	-	94.60	-	-	(94.60)	-	-	-
Transfer from SEZ Re-investment reserve	-	-	-	-	(153.87)	-	-	153.87	-	-	-
Received / transferred on exercise of stock options	(0.42)	72.03	-	-	-	(72.03)	-	-	-	-	(0.42)
Compensation related to employee share based payments	-	-	-	-	-	43.03	-	-	-	-	43.03
As at March 31, 2019	-	3,707.72	2.88	11.39	417.18	962.75	2,144.05	15,144.65	1,450.03	257.13	24,097.78
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	-	-	-	-	-	-	-	1,343.08	-	-	1,343.08
Other comprehensive income (net of tax)	-	-	-	-	-	-	-	13.01	204.68	(202.73)	14.96
Total comprehensive income for the year	-	-	-	-	-	-	-	1,356.09	204.68	(202.73)	1,358.04
Dividend paid (including dividend tax)	-	-	-	-	-	-	-	(357.27)	-	-	(357.27)
Buy-back of shares	-	-	-	-	-	-	-	-	-	-	-
Shares Issued on exercise of stock options	-	2.24	-	-	-	-	-	-	-	-	2.24
Tax benefit on share based compensation	-	-	-	-	-	-	-	13.56	-	-	13.56
Transfer to SEZ Re-investment reserve	-	-	-	-	254.16	-	-	(254.16)	-	-	-
Transfer from SEZ Re-investment reserve	-	-	-	-	-	-	-	-	-	-	-
Received / transferred on exercise of stock options	(0.61)	-	-	-	-	-	-	-	-	-	(0.61)
Compensation related to employee share based payments	-	-	-	-	-	93.12	-	-	-	-	93.12
As at March 31, 2018	-	3,520.18	2.88	11.39	278.24	825.56	2,144.05	12,406.27	1,136.55	263.10	20,588.22

Description of component of Other equity

- Securities premium is used to record the premium received on issue of shares to be utilized in accordance with the provisions of the Companies Act, 2013 .
- Capital reserve represent reserve on amalgamation
- Capital redemption reserve is created on buy-back of the equity shares in accordance with the provisions of the Act.
- The Special Economic Zone Re-Investment Reserve has been created out of profit of eligible SEZ units as per provisions of section 10AA (1)(ii) of the Income-tax Act, 1961 for acquiring new plant and machinery.
- Share option outstanding account is used to record the value of equity-settled share based payment transactions with employees. The amounts recorded in this account are transferred to securities premium upon exercise of stock options by employees.
- General reserve represents appropriation of profits by the Company.
- Retained earnings comprise of the accumulated undistributed earnings.

The accompanying notes 1 to 29 form an integral part of the 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

Rajesh Mehra
Partner
Membership number: 103145
Mumbai, dated April 24, 2019

R. Srikrishna
(CEO & Executive Director)
(DIN-03160121)

Dileep Choksi
(Director)
(DIN-00016322)

HEXAWARE TECHNOLOGIES LIMITED
CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT

Rupees Million

For the quarter ended

	<u>March 31, 2019</u>	<u>March 31, 2018</u>
Cash Flow from operating activities		
Net Profit before tax	1,697.11	1,678.74
Adjustments for:		
Depreciation and amortization expense	148.27	151.33
Employee stock option compensation cost	43.03	93.12
Interest income	(35.14)	(1.06)
Provision for doubtful accounts (net of write back)	19.04	3.80
Debts and advances written off	-	0.74
Dividend from investments	(1.30)	(1.75)
Profit on sale of property, plant and equipment (PPE) (net)	(1.30)	(0.02)
Exchange rate difference (net) - unrealised	9.46	(0.04)
Interest expense	0.07	0.02
Other income	-	-
Share in profit of associate	(0.61)	(1.05)
Operating profit before working capital changes	1,878.63	1,923.83
Adjustments for:		
Trade receivables and other assets	263.18	(819.94)
Trade payables and other liabilities	(308.85)	80.70
Cash generated from operations	1,832.96	1,184.59
Direct taxes paid (net)	(302.09)	(230.53)
Net cash from operating activities	1,530.87	954.06
Cash flow from investing activities		
Purchase of PPE, intangibles including CWIP and capital advances	(249.13)	(107.34)
Proceeds from sale of property, plant and equipment	1.37	0.10
Purchase of investments	(383.83)	(646.98)
Proceeds from sale/ redemption of investments	342.50	687.58
Dividend from investments	1.30	1.75
Interest received	34.39	1.34
Net cash used in investing activities	(253.40)	(63.55)
Cash flow from financing activities		
Proceeds from issue of shares / share application money (net)	0.27	1.70
Interest paid	(0.07)	(0.02)
Dividend paid (including corporate dividend tax)	(897.24)	(357.27)
Net cash used in financing activities	(897.04)	(355.59)
Net Increase in cash and cash equivalents	380.43	534.92
Cash and cash equivalents at the beginning of the period	8,050.55	5,147.41
Add: Unrealised loss / (gain) on foreign currency cash and cash equivalents	(64.63)	114.09
Cash and cash equivalents at the end of the period (Refer Note 13A)	8,366.35	5,796.42

The accompanying notes 1 to 29 form an integral part of the 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

Rajesh Mehra
Partner
Membership number: 103145
Mumbai, dated April 24, 2019

R. Srikrishna
(CEO & Executive Director)
(DIN-03160121)

Dileep Choksi
(Director)
(DIN-00016322)

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 and development, 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, 2018 except in relation to revenue recognition as discussed in note 3.1 below. These condensed interim consolidated financial statements 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, 2018.

3.1 Revenue recognition

Effective January 1, 2019, the Group has applied Ind AS 115 Revenue from contracts with customer which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The Group has adopted Ind AS 115 using the cumulative catch-up transition method. The effect of initially applying this standard is recognised at the date of initial application (i.e. January 1, 2019). The standard is applied retrospectively only to contracts that are not completed as at the date of initial application. The comparatives have not been retrospectively adjusted and it continues to be reported under Ind AS 18 and Ind AS 11. 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 Ind AS 18 and Ind AS 11. The impact of adoption of the standard on the financial statements of the Group 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 Group 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 Group uses the efforts expended to date as a proportion to the total efforts to be expended as a basis to measure the degree of completion. The cumulative impact of any revision in estimates of the percentage of work completed is reflected in the year in which the change becomes known. Provisions for estimated losses on such engagements are made during the year in which a loss becomes probable and can be reasonably estimated. Amount received or billed in advance of services performed are recorded as unearned revenue. Unbilled services represents revenue recognized based on services performed in advance of billing in accordance with contract terms.

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 Group 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.

HEXAWARE TECHNOLOGIES LIMITED
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

3.2 Recent accounting pronouncements

Certain new standards, amendments to standards are not yet effective for annual periods beginning after January 1, 2019, and have not been applied in preparing these condensed interim consolidated financial statements. New standards, amendments to standards and interpretations that could have potential impact on the consolidated financial statements of the Group are:

a) Ind AS 116 – Leases

Ind AS 116 replaces the existing leases Standard, Ind AS 17 Leases, and related interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. The standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The Standard also contains enhanced disclosure requirements for lessees. The effective date for adoption of Ind AS 116 is annual periods beginning January 1, 2020.

The Group is currently assessing the impact of adopting Ind AS 116 on the Group's consolidated financial statements.

b) Ind AS 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 Ind AS 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 Ind AS 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 Group is currently assessing the impact of adopting the amendments on its financial statements.

4 Entities to consolidation

The condensed interim 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) (Closed on July 24, 2018)	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 Technologies Hong Kong Limited (Formed on April 24, 2017)	Hong Kong
13	Hexaware Technologies Nordic AB (Formed on September 7, 2017)	Sweden
14	Digitech Technologies Inc. (Closed on September 24, 2018) (Subsidiary of Hexaware Technologies Inc.)	USA
15	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, 2019	0.15	3,030.10	2,423.76	785.97	18.87	1,293.50	152.00	7,704.35
Additions	-	153.94	226.70	35.53	-	49.97	2.56	468.70
Disposals / adjustments	-	-	(41.56)	(1.90)	(0.03)	(3.17)	(1.12)	(47.78)
Translation exchange difference	-	-	0.09	0.95	0.02	0.14	0.56	1.76
At March 31, 2019	<u>0.15</u>	<u>3,184.04</u>	<u>2,608.99</u>	<u>820.55</u>	<u>18.86</u>	<u>1,340.44</u>	<u>154.00</u>	<u>8,127.03</u>
ACCUMULATED DEPRECIATION								
At January 1, 2019	-	363.57	1,885.10	554.53	14.00	945.05	114.25	3,876.50
Charge for the period	-	13.35	66.65	15.15	0.66	29.21	5.82	130.84
Disposals / adjustments	-	-	(41.46)	(0.29)	(0.03)	(2.79)	(0.67)	(45.24)
Translation exchange difference	-	-	0.10	0.14	0.02	0.02	0.34	0.62
At March 31, 2019	<u>-</u>	<u>376.92</u>	<u>1,910.39</u>	<u>569.53</u>	<u>14.65</u>	<u>971.49</u>	<u>119.74</u>	<u>3,962.72</u>
NET CARRYING AMOUNT								
At March 31, 2019	<u>0.15</u>	<u>2,807.12</u>	<u>698.60</u>	<u>251.02</u>	<u>4.21</u>	<u>368.95</u>	<u>34.26</u>	<u>4,164.31</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	-	301.53	313.39	62.59	-	67.19	9.61	754.31
Disposals	-	-	(36.35)	(29.08)	(0.92)	(17.43)	(5.54)	(89.32)
Translation exchange difference	-	-	19.30	9.79	0.16	3.79	11.93	44.97
At December 31, 2018	<u>0.15</u>	<u>3,030.10</u>	<u>2,423.76</u>	<u>785.97</u>	<u>18.87</u>	<u>1,293.50</u>	<u>152.00</u>	<u>7,704.35</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 year	-	52.72	260.98	55.36	2.67	122.29	21.19	515.21
Disposals	-	-	(33.68)	(27.20)	(0.92)	(17.28)	(5.54)	(84.62)
Translation exchange difference	-	-	15.52	5.84	0.16	2.42	7.90	31.84
At December 31, 2018	<u>-</u>	<u>363.57</u>	<u>1,885.10</u>	<u>554.53</u>	<u>14.00</u>	<u>945.05</u>	<u>114.25</u>	<u>3,876.50</u>
NET CARRYING AMOUNT								
At December 31, 2018	<u>0.15</u>	<u>2,666.53</u>	<u>538.66</u>	<u>231.44</u>	<u>4.87</u>	<u>348.45</u>	<u>37.75</u>	<u>3,827.85</u>

Note:

i) Plant and machinery includes computer systems

ii) Buildings includes office premises taken on finance lease of gross value amounting to Rs. 345.47 million and Rs. 345.47 million as at March 31, 2019 and December 31, 2018, respectively and net carrying value amounting to Rs. 255.74 million and Rs. 257.17 million as at March 31, 2019 and December 31, 2018, respectively.

HEXAWARE TECHNOLOGIES LIMITED
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

6 Goodwill

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

Rupees Million

As at January 1, 2018	1,656.29
Translation exchange rate difference	<u>152.79</u>
As at December 31, 2018	<u>1,809.08</u>
Translation exchange rate difference	<u>(16.05)</u>
As at March 31, 2019	<u>1,793.03</u>

HEXAWARE TECHNOLOGIES LIMITED
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

7 Other intangible assets

Rupees Million

Other intangible assets consist of the following:

	Software licenses	Customer Contracts/Relations	Total
<u>COST</u>			
At January 1, 2019	678.91	-	678.91
Additions	3.81	-	3.81
Disposals / Adjustments	13.69	-	13.69
Translation exchange difference	1.02	-	1.02
At March 31, 2019	<u>697.43</u>	<u>-</u>	<u>697.43</u>
<u>ACCUMULATED AMORTISATION</u>			
At January 1, 2019	574.32	-	574.32
Amortisation for the period	17.43	-	17.43
Disposals	13.75	-	13.75
Translation exchange difference	1.00	-	1.00
At March 31, 2019	<u>606.50</u>	<u>-</u>	<u>606.50</u>
<u>NET CARRYING AMOUNT</u>			
At March 31, 2019	<u>90.93</u>	<u>-</u>	<u>90.93</u>
<u>COST</u>			
At January 1, 2018	594.75	141.87	736.62
Additions	76.48	-	76.48
Disposals	-	(130.19)	- 130.19
Translation exchange difference	7.68	(11.68)	(4.00)
At December 31, 2018	<u>678.91</u>	<u>-</u>	<u>678.91</u>
<u>ACCUMULATED AMORTISATION</u>			
At January 1, 2018	494.07	65.49	559.56
Amortisation for the year	74.21	61.14	135.35
Disposals	-	(116.02)	- 116.02
Translation exchange difference	6.04	(10.61)	(4.57)
At December 31, 2018	<u>574.32</u>	<u>-</u>	<u>574.32</u>
<u>NET CARRYING AMOUNT</u>			
At December 31, 2018	<u>104.59</u>	<u>-</u>	<u>104.59</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>March 31, 2019</u>	<u>December 31, 2018</u>
<u>Investment in Associate</u>		
250,000 shares of USD 1/- each in Experis Technology Solutions Pte. Ltd.	21.92	21.31
<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>26.50</u>	<u>25.89</u>
B Current investments in mutual funds (unquoted)		
<u>At fair value through profit or loss account</u>		
Mutual fund units	<u>142.61</u>	<u>101.28</u>
9 Other financial assets (unsecured) (considered good)		
A Non-current	<u>As at</u>	<u>As at</u>
	<u>March 31, 2019</u>	<u>December 31, 2018</u>
Interest accrued on bank deposits	0.29	0.93
Foreign currency derivative assets	230.44	101.43
Restricted bank balances (a)	36.12	34.43
Security deposits for premises and others	254.37	249.20
	<u>521.22</u>	<u>385.99</u>
(a) Restriction on account of bank deposits held as margin money.		
B Current	<u>As at</u>	<u>As at</u>
	<u>March 31, 2019</u>	<u>December 31, 2018</u>
Interest accrued on bank deposits	2.05	0.66
Receivable from Service provider	193.12	12.80
Foreign currency derivative assets	202.16	94.16
Security deposits for premises and others (b)	7.01	6.53
Employee advances	66.84	52.38
	<u>471.18</u>	<u>166.53</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 March 31, 2019 and December 31, 2018 respectively.

HEXAWARE TECHNOLOGIES LIMITED
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

10	Components of deferred taxes as at:	Rupees Million	
		<u>March 31, 2019</u>	<u>December 31, 2018</u>
	Deferred tax assets		
	Allowance for doubtful debts and advances	40.62	35.58
	Employee benefit obligations	355.20	332.61
	Provision for severance pay	-	-
	Minimum alternate tax credit carry forward	1,578.18	1,482.16
	Share based payment	123.10	124.06
	Unrealised loss on cash flow hedges	-	0.89
	Others	9.41	8.23
	Total	2,106.51	1,983.53
	Deferred tax liabilities		
	Unrealised gain on cash flow hedges	72.14	-
	Depreciation	212.18	199.39
	Total	284.32	199.39
	Net deferred tax asset	1,822.19	1,784.14

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>March 31, 2019</u>	<u>As at</u> <u>December 31, 2018</u>
Capital Advances	257.10	47.05
Prepaid Expenses relating to leasehold land *	528.70	530.30
Other Prepaid Expenses	200.45	219.56
Indirect taxes recoverable	110.25	112.21
	<u>1,096.50</u>	<u>909.12</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. 79.64 million and Rs. 79.87 million as at March 31, 2019 and December 31, 2018, respectively

B Current

	<u>As at</u> <u>March 31, 2019</u>	<u>As at</u> <u>December 31, 2018</u>
Prepaid Expenses	443.70	496.28
Indirect taxes recoverable	89.63	79.99
Others	9.96	23.08
	<u>543.29</u>	<u>599.35</u>

12 Trade Receivables (unsecured)

	<u>As at</u> <u>March 31, 2019</u>	<u>As at</u> <u>December 31, 2018</u>
Considered good	7,011.66	8,031.00
Considered doubtful	147.41	129.22
Less: Allowance for doubtful receivables	(147.41)	(129.22)
	<u>7,011.66</u>	<u>8,031.00</u>

13 Cash and bank balances

A Cash and cash equivalents

	<u>As at</u> <u>March 31, 2019</u>	<u>As at</u> <u>December 31, 2018</u>
Remittance in transit	168.83	3.21
Cash in hand	0.01	-
In current accounts with banks	8,110.10	7,962.06
Bank deposit accounts with less than 3 months maturity	87.41	85.28
Unclaimed dividend accounts	158.52	154.38
Margin money with banks	36.12	34.43
	<u>8,560.99</u>	<u>8,239.36</u>
Less: Restricted bank balances	(194.64)	(188.81)
	<u>8,366.35</u>	<u>8,050.55</u>

B Other bank balances

Restricted bank balances in respect of unclaimed dividend	158.52	154.38
	<u>158.52</u>	<u>154.38</u>

HEXAWARE TECHNOLOGIES LIMITED**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**Rupees Million
(except per share data)

14 Equity Share Capital		As at	As at
14.1 <u>Authorised capital</u>		March 31, 2019	December 31, 2018
	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>		March 31, 2019	December 31, 2018
	Equity shares of Rs. 2 each	595.41	594.72
14.3 <u>Reconciliation of number of shares</u>		March 31, 2019	December 31, 2018
	Shares outstanding at the beginning of the year	297,360,989	296,803,757
	Shares issued during the period / year	342,280	557,232
	Shares outstanding at the end of the period / year	297,703,269	297,360,989
14.4 <u>Rights, preferences and restrictions attached to equity shares</u>			
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.			
14.5 <u>Details of shares held by shareholders holding more than 5% shares</u>			
<u>Name of shareholder</u>		March 31, 2019	December 31, 2018
HT Global IT Solutions Holdings Ltd. (Holding Company)	No. of shares held	186,318,590	186,318,590
	% of holding	62.59%	62.66%
HDFC Trustee Company Ltd.	No. of shares held	19,947,031	19,274,031
	% of holding	6.70%	6.48%
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.			
14.7 <u>Shares reserved for issue under options</u>			
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. 7,086,224 options / RSU's were outstanding as on March 31, 2019 (8,687,324 as on December 31, 2018).			
14.8 The dividend per share recognised as distribution to equity shareholders during the period ended March 31, 2019 was Rs. 2.50 per share (period ended March 31, 2018 Rs. 1.00 per share and year ended December 31, 2018 Rs. 7.00 per share)			

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>March 31, 2019</u>	<u>As at</u> <u>December 31, 2018</u>
Capital creditors	-	-
Foreign currency derivative liabilities	8.50	72.95
Others	2.75	2.69
	<u>11.25</u>	<u>75.64</u>

B Current

	<u>As at</u> <u>March 31, 2019</u>	<u>As at</u> <u>December 31, 2018</u>
Unclaimed dividend	158.52	154.38
Capital creditors	351.32	74.93
Deposit received from customer	0.03	0.03
Employee liabilities	1,642.36	1,550.17
Foreign currency derivative liabilities	66.84	135.18
	<u>2,219.07</u>	<u>1,914.69</u>

16 Trade and other payables

	<u>As at</u> <u>March 31, 2019</u>	<u>As at</u> <u>December 31, 2018</u>
Trade payables	1,797.59	1,871.12
Accrued expenses	1,161.18	1,428.78
	<u>2,958.77</u>	<u>3,299.90</u>

17 Other liabilities

Current

	<u>As at</u> <u>March 31, 2019</u>	<u>As at</u> <u>December 31, 2018</u>
Advance from customers	-	190.12
Unearned revenues	396.73	314.12
Statutory liabilities	396.20	510.04
	<u>792.93</u>	<u>1,014.28</u>

18 Provisions - Others

	<u>March 31, 2019</u>	<u>December 31, 2018</u>
Provision at the beginning of the period / year	-	7.67
Paid during the period / year	-	(6.14)
Adjusted during the period / year	-	(1.53)
Provision at the end of the period / year	<u>-</u>	<u>-</u>

Above represents provisions towards expenditure relating to employee benefit obligations on contract acquisition.

HEXAWARE TECHNOLOGIES LIMITED**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS****19 Other income**

For the quarter ended

	<u>March 31, 2019</u>	<u>March 31, 2018</u>
Dividend	1.30	1.75
Interest income	35.14	1.06
(Loss) / profit on sale of property, plant and equipment (net)	1.30	0.02
Miscellaneous income	3.00	5.85
	<u>40.74</u>	<u>8.68</u>

Rupees Million

For the quarter ended

20 Software and development expenses

	<u>March 31, 2019</u>	<u>March 31, 2018</u>
Consultant travel and related expenses	449.16	423.75
Software expenses *	2,605.45	1,695.11
	<u>3,054.61</u>	<u>2,118.86</u>
* includes sub- contracting charges	2,245.75	1,661.62

21 Employee benefits expense

For the quarter ended

	<u>March 31, 2019</u>	<u>March 31, 2018</u>
Salary and allowances	5,766.04	5,008.13
Contribution to provident, other funds and benefits	708.81	601.18
Staff welfare expenses	142.97	115.67
Employee stock option compensation cost	43.03	93.12
	<u>6,660.85</u>	<u>5,818.10</u>

22 Operation and Other Expenses

For the quarter ended

	<u>March 31, 2019</u>	<u>March 31, 2018</u>
Rent	106.70	101.19
Rates and taxes	7.76	17.32
Travelling and conveyance	234.89	210.68
Electricity charges	55.60	54.38
Communication expenses	68.68	50.19
Repairs and maintenance	136.28	123.56
Printing and stationery	16.20	10.83
Auditors remuneration	9.11	5.96
Legal and professional fees	56.43	55.12
Advertisement and business promotion	95.76	74.40
Bank and other charges	6.87	5.04
Directors' sitting fees	0.52	0.49
Insurance charges	18.66	14.88
Debts and advances written off	-	0.74
Provision for doubtful accounts (net of write back)	19.04	3.80
Staff recruitment expenses	62.29	47.39
Service charges	99.01	96.73
Miscellaneous expenses	44.29	54.55
	<u>1,038.09</u>	<u>927.25</u>

HEXAWARE TECHNOLOGIES LIMITED**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS****23 Earnings per share (EPS)**

The components of basic and diluted EPS:

	For the quarter ended	
	March 31, 2019	March 31, 2018
Net profit after tax (Rupees Million)	1,384.77	1,343.08
Weighted average outstanding equity shares considered for basic EPS (Nos.)	297,650,774	296,824,846
Basic earnings per share (In Rupees)	4.65	4.52
Weighted average outstanding equity shares considered for basic EPS (Nos.)	297,650,774	296,824,846
Add : Effect of dilutive issue of stock options (Nos.)	4,559,178	4,528,509
Weighted average outstanding equity shares considered for diluted EPS (Nos.)	302,209,952	301,353,355
Diluted earnings per share (In Rupees)	4.58	4.46
Par value per share (In Rupees)	2.00	2.00

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

Transactions	For the quarter ended	
	March 31, 2019	March 31, 2018
Associate		
Software and consultancy income	38.09	39.00
Remuneration to KMP and directors		
Short term employee benefits	23.75	22.39
Post employment benefits	0.67	0.97
Share based payment	13.06	12.18
Commission and other benefits to non-executive directors	10.77	10.18

Closing balances	As at	As at
	March 31, 2019	December 31, 2018
Receivables from associate	23.09	49.83
Payable to / provision for KMP	50.28	74.31

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 <u>Cost</u>	Fair value through profit and <u>loss</u>	Fair value through other comprehensive <u>income</u>	Derivative instrument in hedging <u>relationship</u>	Total carrying / <u>fair value</u>
March 31, 2019					
Cash and cash equivalents	8,366.35	-	-	-	8,366.35
Other bank balances	158.52	-	-	-	158.52
Investments in mutual fund units	-	142.61	-	-	142.61
Trade receivables	7,011.66	-	-	-	7,011.66
Unbilled revenue	3,276.08	-	-	-	3,276.08
Other financial assets	559.80	-	-	432.60	992.40
Investments in equity shares	-	-	4.58	-	4.58
	<u>19,372.41</u>	<u>142.61</u>	<u>4.58</u>	<u>432.60</u>	<u>19,952.20</u>
Trade payables	2,958.77	-	-	-	2,958.77
Other financial liabilities	2,154.98	-	-	75.34	2,230.32
	<u>5,113.75</u>	<u>-</u>	<u>-</u>	<u>75.34</u>	<u>5,189.09</u>
December 31, 2018					
Cash and cash equivalents	8,050.55	-	-	-	8,050.55
Other bank balances	154.38	-	-	-	154.38
Investments in mutual fund units	-	101.28	-	-	101.28
Trade receivables	8,031.00	-	-	-	8,031.00
Unbilled revenue	2,729.85	-	-	-	2,729.85
Other financial assets	356.93	-	-	195.59	552.52
Investments in equity shares	-	-	4.58	-	4.58
	<u>19,322.71</u>	<u>101.28</u>	<u>4.58</u>	<u>195.59</u>	<u>19,624.16</u>
Trade payables	3,299.90	-	-	-	3,299.90
Other financial liabilities	1,782.20	-	-	208.13	1,990.33
	<u>5,082.10</u>	<u>-</u>	<u>-</u>	<u>208.13</u>	<u>5,290.23</u>

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			
March 31, 2019	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>	<u>Total</u>
Mutual fund units	142.61	-	-	142.61
Investments in equity shares	-	-	4.58	4.58
Derivative financial assets	-	432.60	-	432.60
	<u>142.61</u>	<u>432.60</u>	<u>4.58</u>	<u>579.79</u>
Derivative financial liabilities	-	75.34	-	75.34
	<u>-</u>	<u>75.34</u>	<u>-</u>	<u>75.34</u>
December 31, 2018	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>	<u>Total</u>
Mutual fund units	101.28	-	-	101.28
Investments in equity shares	-	-	4.58	4.58
Derivative financial assets	-	195.59	-	195.59
	<u>101.28</u>	<u>195.59</u>	<u>4.58</u>	<u>301.45</u>
Derivative financial liabilities	-	208.13	-	208.13
	<u>-</u>	<u>208.13</u>	<u>-</u>	<u>208.13</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 instruments

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:

Currency hedged (Sell contracts)	in Million	
	March 31 2019	December 31 2018
USD	196.90	162.12
Euro	6.45	5.84
GBP	13.08	11.32

The weighted average forward rate for the hedges outstanding as at March 31, 2019 is Rs. 72.93, Rs. 89.08 and Rs. 99.11 (As at December 31, 2018 Rs. 71.83, Rs. 88.22 and Rs. 98.70) 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	
	For period ended March 31, 2019	For period ended March 31, 2018
Balance at the beginning of the period	(14.86)	465.83
Less: Net gains transferred to statement of profit or loss on occurrence of forecasted hedge transaction	14.80	(144.56)
Add: Changes in the fair value of the effective portion of outstanding cash flow hedges	330.22	(108.36)
Less : Deferred tax on CFHR	(73.03)	50.19
Balance at the end of the period	<u>257.13</u>	<u>263.10</u>

There were no material hedge ineffectiveness for the period ended March 31, 2019, March 31, 2018 and year ended December 31, 2018.

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26 Segment disclosures

26.1 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)

Segment results for the quarter ended March 31, 2019						Rupees Million
	T & T	BFS	H & I	PS	M & C	Total
Revenue	1,201.91	5,161.81	2,314.09	1,792.13	2,170.25	12,640.19
Expenses	(963.73)	(4,587.24)	(1,931.42)	(1,483.17)	(1,787.99)	(10,753.55)
Segment profit	<u>238.18</u>	<u>574.57</u>	<u>382.67</u>	<u>308.96</u>	<u>382.26</u>	<u>1,886.64</u>
Less: Depreciation and amortisation						(148.27)
Add: Exchange rate differences (net)						(82.54)
Add: Other income						40.74
Less: Interest expense						(0.07)
Add: Share in net profit of associate (net of tax)						0.61
Profit before tax						<u>1,697.11</u>
Less: Tax expense						<u>(312.34)</u>
Profit after tax						<u><u>1,384.77</u></u>

Segment results for the quarter ended March 31, 2018						Rupees Million
	T & T	BFS	H & I	PS	M & C	Total
Revenue	1,379.27	4,578.90	1,683.09	1,271.46	1,577.15	10,489.87
Expenses	(989.21)	(4,040.36)	(1,387.62)	(1,141.29)	(1,305.73)	(8,864.21)
Segment profit	<u>390.06</u>	<u>538.54</u>	<u>295.47</u>	<u>130.17</u>	<u>271.42</u>	<u>1,625.66</u>
Less: Depreciation and amortisation						(151.33)
Add: Exchange rate differences (net)						194.70
Add: Other income						8.68
Less: Interest expense						(0.02)
Less: Share in net profit of associate (net of tax)						1.05
Profit before tax						<u>1,678.74</u>
Less: Tax expense						<u>(335.66)</u>
Profit after tax						<u><u>1,343.08</u></u>

26.2 Geographic disclosures

The Group's primary source of revenue is from customers in Americas region (primarily USA) and Europe region.

Revenue	Rupees Million	
	For the quarter ended	
	<u>March 31,</u> <u>2019</u>	<u>March 31,</u> <u>2018</u>
Americas	9,588.27	8,011.96
Europe	1,662.20	1,259.34
India	376.98	336.27
Rest of the world	1,012.74	882.30
Total	<u><u>12,640.19</u></u>	<u><u>10,489.87</u></u>

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27 Contingent liabilities

- a. Claims not acknowledged as debt amounts to Rs. 28.14 million (Rs. 28.14 million as on December 31, 2018), 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.
- b. 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, 2018) 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.

The above does not include all other obligations resulting from customer claims, legal pronouncements having financial impact in respect of which the Company generally performs the assessment based on the external legal opinion and the amount of which cannot be reliably estimated.

28 Material events after Balance Sheet date

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

The Board of Directors, at its meeting held on April 24, 2019 has declared interim dividend of Rs 2.50/- per equity share (125%). This would result in cash outflow of Rs. 897.24 Million including corporate dividend tax of Rs. 152.98 million.

29 Approval of the financial statements

The consolidated financial statements were approved for issue by the Board of Directors on April 24, 2019.