Independent Auditor's Report

To the Members of
Hexaware Technologies Limited

Report on the Audit of Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Hexaware Technologies Limited (hereinafter referred to as “the Holding Company”) and its subsidiaries (the Holding Company and its subsidiaries together referred to as “the Group”) and its associate, which comprise the Consolidated Balance Sheet as at 31 December 2018, the Consolidated Statement of Profit and Loss, Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement, for the year then ended, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as “the consolidated financial statements”).

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as “the Act”) that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss (including other comprehensive income), consolidated statement of changes in equity and consolidated cash flows of the Group including its associate in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of 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 consolidated 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 consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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 consolidated financial statements are free from material misstatement.

Auditor's Responsibility

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 2 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated 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 consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associate as at 31 December 2018, and their consolidated profit (including other comprehensive income), consolidated statement of changes in equity and consolidated cash flows for the year ended on that date.

Other Matters

1. The comparative financial information of the Group and its associate for the year ended 31 December 2017 prepared in accordance with Ind AS included in these consolidated financial statements have been audited by the predecessor auditor who had audited the financial statements for the relevant period. The report of the predecessor auditor on the comparative financial information dated 7 February 2018 expressed an unmodified opinion.

2. We did not audit the financial statements of 12 subsidiaries, whose financial statements reflect total assets of Rs.4,021.09 million as at 31 December 2018, total revenues of Rs. 7,758.13 million and net cash inflows amounting to Rs. 587.43 million for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

Other Matters *(Continued)*

3. The consolidated financial statements also include the Group's share of net profit of Rs. 1.66 million for the year ended 31 December 2018, as considered in the consolidated financial statements, in respect of one associate whose 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 consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the associate, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid 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 consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, 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.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries and an associate, as noted in the 'other matter' paragraph, we report, to the extent applicable, that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

   b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

   c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

   d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under section 133 of the Act.

   e) On the basis of the written representations received from the directors of the Holding Company as on 31 December 2018 taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding Company is disqualified as on 31 December 2018 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

Report on Other Legal and Regulatory Requirements *(Continued)*

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associate. Refer Note 29 to the consolidated financial statements.

   ii. Provision has been made, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts; – Refer Note 30 to the consolidated Ind AS financial statements.

   iii. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company during the year ended 31 December 2018.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W–100022

Akeel Master
Partner
Membership No: 046768

Mumbai
30 January 2019

Hexaware Technologies Limited

‘Annexure A’ to the Independent Auditors’ Report

(Referred to in our report of even date)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls with reference to financial statements of Hexaware Technologies Limited (“the Holding Company”) as of 31 December 2018 in conjunction with our audit of the consolidated Ind AS financial statements of the Holding Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Holding Company’s management is responsible for establishing and maintaining internal financial controls based on the internal controls with reference to financial statements criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India (“ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Holding Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company’s internal financial controls system with reference to financial statements.

Meaning of Internal Financial Controls with reference to Financial Statements

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31 December 2018, based on the internal controls with reference to financial statements criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W–100022

Akeel Master
Partner
Membership No: 046768

Mumbai
30 January 2019

HEXAWARE TECHNOLOGIES LIMITED
CONSOLIDATED BALANCE SHEET

Rupees Million

	Note	As at December 31, 2018	As at December 31, 2017
ASSETS			
Non-current assets			
Property, plant and equipment	5	3,827.85	3,580.32
Capital work-in-progress		2,244.43	2,563.06
Goodwill	6	1,809.08	1,656.29
Other intangible assets	7	104.59	177.06
Financial assets			
- Investments	8A	25.89	24.23
- Other financial assets	9A	385.99	399.38
Deferred tax assets (net)	10	1,784.14	1,335.54
Income tax asset (net)		374.25	348.44
Other non-current assets	11A	909.12	833.76
Total non-current assets		11,465.34	10,918.08
Current assets			
Financial assets			
- Investments	8B	101.28	189.19
- Trade receivables	12	8,031.00	5,360.31
- Cash and cash equivalents	13A	8,050.55	5,147.41
- Other Bank Balances	13B	154.38	150.26
- Unbilled revenue		2,729.85	2,368.50
- Other financial assets	9B	166.53	641.55
Current Tax Assets (net)		36.39	72.63
Other current assets	11B	599.35	605.22
Total current assets		19,869.33	14,535.07
Total assets		**31,334.67**	**25,453.15**
EQUITY AND LIABILITIES			
Equity			
Equity Share capital	14	594.72	593.61
Other Equity		23,323.93	19,479.14
Total equity		23,918.65	20,072.75
Non-current liabilities			
Financial Liabilities			
- Other financial liabilities	15A	75.64	31.16
Provisions - Employee benefit obligations in respect of Gratuity		230.38	179.35
Total non-current liabilities		306.02	210.51
Current liabilities			
Financial Liabilities			
- Trade and other payables	16	3,299.90	2,204.23
- Other financial liabilities	15B	1,914.69	1,603.43
Other current liabilities	17	1,014.28	589.67
Provisions			
- Employee benefit obligations in respect of compensated absences and others		685.28	699.61
- Others	18	-	7.67
Current tax liabilities (net)		195.85	65.28
Total current liabilities		7,110.00	5,169.89
Total liabilities		7,416.02	5,380.40
Total equity and liabilities		**31,334.67**	**25,453.15**

The accompanying notes 1 to 32 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

Akeel Master
Partner
Membership number: 046768
Mumbai, dated January 30, 2019

Atul K. Nishar
(Chairman)
(DIN-00307229)

Jimmy Mahtani
(Vice Chairman)
(DIN-00996110)

HEXAWARE TECHNOLOGIES LIMITED
CONSOLIDATED BALANCE SHEET AS AT December 31, 2018

R. Srikrishna (CEO & Executive Director) (DIN-03160121)	**Kosmas Kalliarekos** (Director) (DIN-03642933)
Meera Shankar (Director) (DIN-06374957)	**Bharat Shah** (Director) (DIN-00136969)
Basab Pradhan (Director) (DIN-00892181)	**Christian Oecking** (Director) (DIN-03090264)
P. R. Chandrasekar (Director) (DIN-02251080)	

Mumbai, dated January 30, 2019

Vikash Kumar Jain (Chief Financial Officer)	**Gunjan Methi** (Company Secretary)

HEXAWARE TECHNOLOGIES LIMITED
CONSOLIDATED STATEMENT OF PROFIT AND LOSS

Rupees Million
(except EPS)

	Notes	For the year ended December 31, 2018	December 31, 2017
INCOME			
Revenue from operations		46,477.62	39,420.14
Exchange rate difference (net)		471.45	449.62
Other income	19	105.48	35.82
Total income		**47,054.55**	**39,905.58**
EXPENSES			
Software and development expenses	20	10,250.37	7,391.93
Employee benefits expense	21	24,799.53	21,686.54
Operation and other expenses	22	4,089.53	3,790.03
Interest - others		0.42	1.19
Depreciation and amortisation expense	5, 7	650.55	632.77
Total expenses		**39,790.40**	**33,502.46**
Profit before tax and share in profit of associate		**7,264.15**	**6,403.12**
Share in profit of associate (Net of tax)		1.66	2.70
Profit before tax		**7,265.81**	**6,405.82**
Tax expense	10		
- Current		1,713.68	1,530.47
- Deferred (Credit)		(282.50)	(119.91)
Total tax expense		1,431.18	1,410.56
Profit for the year		**5,834.63**	**4,995.26**
Other comprehensive income (OCI):			
i) Items that will not be reclassified to profit or loss			
- Remeasurement of defined benefit plan		41.45	103.24
- Income tax relating to items that will not be reclassified to profit or loss		(8.45)	(18.71)
ii) Items that will be reclassified to profit or loss			
- Net change in fair value of cash flow hedges		(598.18)	259.65
- Exchange differences in translating the financial statements of foreign operations		569.91	(217.72)
- Income tax relating to items that will be reclassified to profit or loss		117.49	(34.60)
Total other comprehensive income		122.22	91.86
Total comprehensive income for the year		**5,956.85**	**5,087.12**
Earnings per share (In Rupees)			
Basic	23	19.65	16.79
Diluted		19.31	16.56

The accompanying notes 1 to 32 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

Akeel Master
Partner
Membership number: 046768
Mumbai, dated January 30, 2019

Atul K. Nishar
(Chairman)
(DIN-00307229)

Jimmy Mahtani
(Vice Chairman)
(DIN-00996110)

HEXAWARE TECHNOLOGIES LIMITED
CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED DECEMBER 31, 2018

	R. Srikrishna (CEO & Executive Director) (DIN-03160121)	**Kosmas Kalliarekos** (Director) (DIN-03642933)
	Meera Shankar (Director) (DIN-06374957)	**Bharat Shah** (Director) (DIN-00136969)
	Basab Pradhan (Director) (DIN-00892181)	**Christian Oecking** (Director) (DIN-03090264)
	P. R. Chandrasekar (Director) (DIN-02251080)	
Mumbai, dated January 30, 2019	**Vikash Kumar Jain** (Chief Financial Officer)	**Gunjan Methi** (Company Secretary)

HEXAWARE TECHNOLOGIES LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

A. Equity Share Capital

Rupees Million

	December 31, 2018	December 31, 2017
Outstanding at the beginning of the year	593.61	604.06
Add: On issue of shares during the year	1.11	0.94
Less: On shares bought back during the year	-	(11.39)
Outstanding at the end of the year	**594.72**	**593.61**

(Refer note 14)

B. Other Equity

Rupees Million

	Share application money pending allotment	Reserves and Surplus							Other comprehensive income		Total
		Securities premium	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)	
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	-	-	-	-	-	-	-	5,834.63	-	-	5,834.63
Other comprehensive income (net of tax)	-	-	-	-	-	-	-	33.00	569.91	(480.69)	122.22
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**5,867.63**	**569.91**	**(480.69)**	**5,956.85**
Dividend paid (including dividend tax)	-	-	-	-	-	-	-	(2,506.03)	-	-	(2,506.03)
Shares Issued on exercise of stock options	-	3.32	-	-	-	-	-	-	-	-	3.32
Tax benefit on share based compensation	-	-	-	-	-	-	-	17.10	-	-	17.10
Transfer to SEZ Re-investment reserve	-	-	-	-	749.63	-	-	(749.63)	-	-	-
Transfer from SEZ Re-investment reserve					(297.26)			297.26			-
Received / transferred on exercise of stock options	(0.19)	114.43	-	-	-	(114.43)	-	-	-	-	(0.19)
Compensation related to employee share based payments	-	-	-	-	-	373.74	-	-	-	-	373.74
As at December 31, 2018	**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**
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	-	-	-	-	-	-	-	4,995.26	-	-	4,995.26
Other comprehensive income (net of tax)	-	-	-	-	-	-	-	84.53	(217.72)	225.05	91.86
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**5,079.79**	**(217.72)**	**225.05**	**5,087.12**
Dividend paid (including dividend tax)	-	-	-	-	-	-	-	(1,428.09)	-	-	(1,428.09)
Buy-back of shares	-	(1,366.76)	-	11.39	-	-	-	(12.15)	-	-	(1,367.52)
Shares Issued on exercise of stock options	-	10.84	-	-	-	-	-	-	-	-	10.84
Tax benefit on share based compensation	-	-	-	-	-	-	-	21.59	-	-	21.59
Transfer to SEZ Re-investment reserve	-	-	-	-	178.35	-	-	(178.35)	-	-	-
Transfer from SEZ Re-investment reserve	-	-	-	-	(487.22)	-	-	487.22	-	-	-
Received / transferred on exercise of stock options	0.61	65.13	-	-	-	(65.13)	-	-	-	-	0.61
Compensation related to employee share based payments	-	-	-	-	-	349.50	-	-	-	-	349.50
As at December 31, 2017	**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**

Description of component of Other equity

(a) 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 .

(b) Capital reserve represent reserve on amalgamation

(c) Capital redemption reserve is created on buy-back of the equity shares in accordance with the provisions of the Act.

(d) 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.

(e) 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.

(f) General reserve represents appropriation of profits by the Company.

(g) Retained earnings comprise of the accumulated undistributed earnings.

The accompanying notes 1 to 32 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

Akeel Master
Partner
Membership number: 046768
Mumbai, dated January 30, 2019

Atul K. Nishar
(Chairman)
(DIN-00307229)

Jimmy Mahtani
(Vice Chairman)
(DIN-00996110)

HEXAWARE TECHNOLOGIES LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R. Srikrishna (CEO & Executive Director) (DIN-03160121)	**Kosmas Kalliarekos** (Director) (DIN-)
Meera Shankar (Director) (DIN-06374957)	**Bharat Shah** (Director) (DIN-00136969)
Basab Pradhan (Director) (DIN-00892181)	**Christian Oecking** (Director) (DIN-03090264)
P. R. Chandrasekar (Director) (DIN-02251080)	

Mumbai, dated January 30, 2019

Vikash Kumar Jain (Chief Financial Officer)	**Gunjan Methi** (Company Secretary)

HEXAWARE TECHNOLOGIES LIMITED
CONSOLIDATED CASH FLOW STATEMENT

	For the year ended December 31, 2018	For the year ended December 31, 2017
	Rupees Million	Rupees Million
Cash Flow from operating activities		
Net Profit before tax	7,265.81	6,405.82
Adjustments for:		
Depreciation and amortization expense	650.55	632.77
Employee stock option compensation cost	373.74	349.50
Interest income	(53.26)	(8.79)
Provision for doubtful accounts (net of write back)	20.12	29.26
Debts and advances written off	15.83	13.89
Dividend from investments	(9.73)	(8.45)
Loss / (Profit) on sale of property, plant and equipment (PPE) (net)	1.69	(2.61)
Exchange rate difference (net) - unrealised	7.09	0.90
Interest expense	0.42	1.19
Other income	(25.55)	-
Share in profit of associate	(1.66)	(2.70)
Operating profit before working capital changes	**8,245.05**	**7,410.78**
Adjustments for:		
Trade receivables and other assets	(2,382.40)	(1,268.83)
Trade payables and other liabilities	1,216.05	368.08
Cash generated from operations	**7,078.70**	**6,510.03**
Direct taxes paid (net)	(1,591.67)	(1,747.63)
Net cash from operating activities	**5,487.03**	**4,762.40**
Cash flow from investing activities		
Purchase of PPE, intangibles including CWIP and capital advances	(608.68)	(956.78)
Proceeds from sale of property, plant and equipment	3.01	2.65
Purchase of investments	(3,292.46)	(3,768.45)
Proceeds from sale/ redemption of investments	3,380.37	3,767.75
Dividend from investments	9.73	8.45
Interest received	53.51	8.38
Net cash used in investing activities	**(454.52)**	**(938.00)**
Cash flow from financing activities		
Proceeds from issue of shares / share application money (net)	4.24	12.39
Buy-back of shares (including expenses incurred on buy-back)	-	(1,378.91)
Interest paid	(0.42)	(1.19)
Dividend paid (including corporate dividend tax)	(2,506.03)	(1,428.09)
Net cash used in financing activities	**(2,502.21)**	**(2,795.80)**
Net Increase in cash and cash equivalents	2,530.30	1,028.60
Cash and cash equivalents at the beginning of the year	5,147.41	4,126.38
Add: Unrealised loss / (gain) on foreign currency cash and cash equivalents	372.84	(7.57)
Cash and cash equivalents at the end of the year (Refer Note 13A)	**8,050.55**	**5,147.41**

The accompanying notes 1 to 32 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

Akeel Master
Partner
Membership number: 046768
Mumbai, dated January 30, 2019

For and on behalf of the Board of Directors

Atul K. Nishar
(Chairman)
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Jimmy Mahtani
(Vice Chairman)
(DIN-00996110)

HEXAWARE TECHNOLOGIES LIMITED
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2018

R. Srikrishna (CEO & Executive Director) (DIN-03160121)	**Kosmas Kalliarekos** (Director) (DIN-03642933)
Meera Shankar (Director) (DIN-06374957)	**Bharat Shah** (Director) (DIN-00136969)
Basab Pradhan (Director) (DIN-00892181)	**Christian Oecking** (Director) (DIN-03090264)
P. R. Chandrasekar (Director) (DIN-02251080)	

Mumbai, dated January 30, 2019

Vikash Kumar Jain (Chief Financial Officer)	**Gunjan Methi** (Company Secretary)

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

2.1 Statement of compliance

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

2.2 Basis of Preparation

These financial statements are prepared on historical cost basis, except for certain financial instruments which are measured at fair values as explained in the accounting policies below.

2.3 Basis of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries.

The financial statement of the Group are consolidated on line-by-line basis by adding together like items after eliminating intra group transactions and unrealised gain/loss from such transaction. These financial statements are prepared by applying uniform accounting policies used in Group.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Changes in the Group’s ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group’s interest and the non-controlling interests are adjusted to reflect the changes in their relative interest in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

(ii) Associates

Associates are entities over which the Group has significant influence but not control. Investments in associates are accounted for using the equity method of accounting. The investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor’s share of the profit or loss and other comprehensive income of the investee after the acquisition date.

2.4 Critical accounting judgements and key source of estimation uncertainty

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

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

Key source of estimation uncertainty which may cause material adjustments:

(i) Revenue recognition

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

(ii) Income-tax

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

(iii) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which goodwill has been allocated. The value in use calculation requires the management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where actual future cash flows are less than expected, a material impairment loss may arise.

(iv) Others

Others areas involving estimates relates to actuarial assumptions used to determine the carrying amount of defined benefit obligation, estimation of fair value of share based payment transactions and useful lives of Property, Plant and Equipment.

2.5 Business Combinations

The Group accounts for its business acquisitions using the acquisition method of accounting. Aquisition-related costs are recognised in profit or loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meets the condition of recognition are recognised at their fair values at the acquisition date.

Fair value of purchase consideration in excess of fair value of net assets acquired is recognised as goodwill. If the fair value of identifiable asset and liabilities exceed the cost of acquisition, after reassessing the fair values of the net assets and contingent liabilities, the excess is recognised as capital reserve.

The interest of non-controlling shareholders is initially measured either at fair value or at the non-controlling interests proportionate basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent change in equity of subsidiaries.

Business Combinations arising from transfer of interest in entities that are under common control are accounted on historical cost basis. The difference between any consideration given and the aggregate historical carrying amounts of assets and liabilities of the acquired entity is recorded in shareholders' equity.

2.6 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of a business (see note 2.5 above) less accumulated impairment losses, if any.

On disposal of the relevant cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

2.7 Revenue Recognition

Revenue is measured at fair value of consideration received or receivable.

a) Revenues from software solutions and consulting services are recognized based on specified terms of contract.
In case of contract on time and material basis, 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.

Revenue from business process management arises from unit-priced contracts, time based contracts and cost based projects. Such revenue is recognised as the services are performed. It is billed in accordance with the specific terms of the contract with the client.

b) Revenue is reported net of discount and indirect taxes.
c) Dividend income is recognised when the shareholders right to receive payment has been established.
d) Interest Income is recognised using effective interest rate method.

2.8 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

a) **Finance Lease**

Assets taken on finance lease are capitalised at lower of present value of the minimum lease payments and the fair value of the leased assets determined at the inception of the lease and liability is recognised for an equivalent amount. Lease payments are apportioned between finance charge and reduction in outstanding liability so as to achieve a constant periodic rate of interest on the remaining balance of liability.

b) **Operating Leases**

Assets taken on lease under which all risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under operating leases are recognised as expenses on straight line basis over the lease term unless the payments to the lessor are structured to increase in line with expected general inflation.

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

Consolidated financial statements of the Group are measured using the currency of the primary economic environment in which each entity operates. The functional currency of the Company is Indian Rupees whereas the functional currency of foreign subsidiaries and associate is the currency of their countries of incorporation. These consolidated financial statements are presented in millions of Indian Rupees (Rs.)

(b) **Foreign currency**

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

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

Assets and liabilities of entities with functional currency other than presentation currency have been translated to the presentation currency using exchange rates prevailing on the balance sheet date. Items in the statement of profit or loss have been translated using average exchange rates. Translation adjustments have been reported as foreign currency translation reserve in Other comprehensive income.

2.10 Borrowing Cost

Borrowing cost directly attributable to the acquisition or construction of qualifying assets is capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised in the profit or loss.

2.11 Employee Benefits

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

Payments to defined contribution retirement schemes are recognised as an expense when the employees have rendered service entitling them to such benefits.

For defined benefit schemes and other long term benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at balance sheet date. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest) is reflected immediately in the balance sheet with a charge or credit recognized in the other comprehensive income in respect of defined benefit schmes and in the statement of profit and loss in respect of other long term benefit plans in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in the profit or loss in the period of plan amendment. The retirement benefit liability recognized in the statement of financial position represents the present value of the defined benefit obligation as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the lower of the amount determined as the defined benefit liability and the present value of available refunds and / or reduction in future contributions to the scheme.

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

b) **Short term employee benefit**

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

2.12 Share based compensation

Equity settled share based payments to employees and directors are measured at the fair value of the equity instruments at the grant date which is recognised over the vesting period based on periodic estimate of the equity instruments that will eventually vest, with the corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest with the impact of revision recognised in the profit or loss such that the cumulative expense reflects the revised estimates, with a corresponding adjustment to the share option outstanding account.

2.13 Taxes on Income

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

Current tax is measured at the amount expected to be paid or recovered from the domestic and overseas tax authorities using enacted or substantively enacted tax rates after taking credit for tax relief available for export operations in Special Economic Zone (SEZ).

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

Deferred tax liabilities are recognised for all taxable temporary differences except in respect of taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be utilised.

Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

For operations under tax holiday scheme, deferred tax assets or liabilities, if any, have been established for the tax consequences of those temporary differences between the carrying values of assets and liabilities and their respective tax bases that reverse after the tax holiday ends.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which gives rise to future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

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

2.14 Property, plant and equipment (PPE)

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

Depreciation

Depreciation is provided on straight-line method based on the estimated useful lives of the assets as determined based on the expert technical advice / stipulation of Schedule II of the Act:

Asset Class	Estimated useful Life
Buildings	60 years
Computer Systems (included in Plant and Machinery)	3 years
Office Equipment	5 years
Electrical Fittings (included in Plant and Machinery)	8 years
Furniture and Fixtures	8 years
Vehicles	4 years

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

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

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

2.15 Intangible assets

Intangible assets with finite useful lives that are acquired are initially recognised at cost in case of separately acquired assets and at fair value in case of acquisition in business combination. Subsequent to initial recognition, intangible assets are reported at cost less accumulated amortisation and impairment loss, if any. Amortisation is recognised on a straight-line basis over their estimated useful lives. Following table summarises the nature of intangibles and the estimated useful lives.

Asset Class	Estimated useful Life
Software licenses	3 years
Customer contracts / relations	5 years

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

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

2.16 Impairment

a) Financial assets (other than at fair value)

The Group assesses at each balance sheet date whether a financial asset or a group of financial assets is impaired. Ind AS 109 "Financial Instrument" requires expected credit losses to be measured through a loss allowance. The Group recognises lifetime expected losses for all contract assets and / or all trade receivables. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

b) Non-financial assets

(i) Goodwill

For the purpose of impairment testing, goodwill is allocated to each of the Group’s cash generating units (or groups of cash generating units) that is expected to benefit from the synergies of the combination.

Cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

(ii) Tangible and Intangible assets

At the end of each reporting period, the Group assesses whether there is an indication that an asset may be impaired. An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs or allocated. Impairment loss is charged to the profit or loss in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

2.17 Provisions

Provisions are recognised when the Group has present obligation (legal or constructive) as a result of a past event for which reliable estimate can be made of the amount of obligation and it is probable that the group will be required to settle the obligation. When a provision is measured using cash flows estimated to settle the present obligation its carrying amount is the present value of those cash flows; unless the effect of time value of money is immaterial.

2.18 Non derivative financial instruments

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

a) Financial assets and financial liabilities – subsequent measurement

(i) **Financial assets at amortised cost**

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

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

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

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

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

(iv) **Cash and cash equivalents**

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

(v) **Financial liabilities**

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

b) Share capital

Equity shares

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

2.19 Derivative financial instruments and hedge accounting

The Group enters into foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to highly probable forecast transactions. These instruments are initially measured at fair value and are re-measured at subsequent reporting dates. The Group at the inception documents and designates these instruments as cash flow hedges. Accordingly, the Group records the cumulative gain or loss arising from change in fair values on effective cash flow hedges in the cash flow hedge reserve within the other comprehensive income until the forecasted transaction occurs. Gain or loss arising from change in fair values of component excluded from the assessment of hedge effectiveness as well as the ineffective portion of the designated hedges and derivative instruments that do not qualify for hedge accounting are recognized immediately in the profit or loss.

Hedge accounting is discontinued when the hedging instrument expires, terminated or exercised without replacement or rollover as part of the hedging strategy or when the hedge no longer meets the criteria for hedge accounting, the net cumulative gain or loss recognised in hedging reserve at that time remains in equity and is recognised in profit or loss when the forecasted transaction affects profit or loss. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in hedging reserve is immediately transferred to the profit or loss for the period and is grouped under exchange rate difference.

2.20 Earnings per share ('EPS')

Basic EPS are computed by dividing profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. Diluted EPS is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares considered for deriving basic EPS and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

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.

HEXAWARE TECHNOLOGIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 Entities to consolidation

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

For the year ended December 31, 2018

	Name of the Entity	Country of Incorporation	Net Assets		Share in profit or loss		Share in OCI		Share in total comprehensive	
			% of Consolidated	Rupees Million	% of Consolidated	Rupees Million	% of Consolidated	Rupees Million	% of Consolidated	Rupees Million
1	Hexaware Technologies Limited (Parent)		54.63%	13,066.99	79.93%	4,663.57	100.00%	122.22	80.34%	4,785.79
	Wholly owned subsidiaries									
1	Hexaware Technologies Inc.	USA	36.95%	8,839.09	15.28%	891.48	-	-	14.97%	891.48
2	Hexaware Technologies, Mexico S. De. R.L. De. C.V.	Mexico	0.49%	116.20	0.71%	41.50	-	-	0.70%	41.50
3	Hexaware Technologies UK Ltd	UK	2.90%	693.65	0.17%	9.96	-	-	0.17%	9.96
4	Hexaware Technologies Asia Pacific Pte Limited	Singapore	3.23%	772.20	4.92%	286.99	-	-	4.82%	286.99
5	Hexaware Technologies GmbH	Germany	1.36%	326.22	0.32%	18.87	-	-	0.32%	18.87
6	Hexaware Technologies Canada Limited	Canada	-0.01%	(3.16)	0.22%	13.08	-	-	0.22%	13.08
7	Hexaware Technologies DO Brazil Ltd , Brazil (Subsidiary of Hexaware Technologies UK Ltd)	Brazil	0.00%	-	-0.05%	(2.70)	-	-	-0.05%	(2.70)
8	Guangzhou Hexaware Information Technologies Company Limited	China	0.01%	3.27	-0.05%	(2.78)	-	-	-0.05%	(2.78)
9	Hexaware Technologies LLC	Russia	0.14%	32.96	-0.77%	(44.99)	-	-	-0.76%	(44.99)
10	Hexaware Technologies Saudi LLC	Saudi Arabia	0.04%	10.03	-0.08%	(4.95)	-	-	-0.09%	(4.95)
11	Hexaware Technologies Romania SRL (Subsidiary of Hexaware Technologies UK Ltd.)	Romania	0.14%	32.36	-0.72%	(41.79)	-	-	-0.70%	(41.79)
12	Hexaware Technologies Hong Kong Limited	Hong Kong	0.03%	8.30	0.13%	7.85	-	-	0.13%	7.85
13	Hexaware Technologies Nordic AB	Sweden	-0.02%	(4.89)	-0.10%	(5.55)	-	-	-0.09%	(5.55)
14	Digitech Technologies Inc. (closed on September 27, 2018) (Subsidiary of Hexaware Technologies Inc.)	USA	0.00%	-	0.00%	-	-	-	0.00%	-
15	Shanghai Hexaware Information Technologies Company Limited	China	0.02%	4.13	0.04%	2.43	-	-	0.04%	2.43
	Associate									
1	Experis Technology Solutions Pte. Ltd. (20% ownership interest by Hexaware Technologies Asia Pacific Pte Limited)	Singapore	0.09%	21.30	0.03%	1.66	-	-	0.03%	1.66
	Total		**100.00%**	**23,918.65**	**100.00%**	**5,834.63**	**100.00%**	**122.22**	**100.00%**	**5,956.85**

HEXAWARE TECHNOLOGIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 Entities to consolidation (Cont'd)
For the year ended December 31, 2017

	Name of the Entity	Country of Incorporation	Net Assets		Share in profit or loss		Share in OCI		Share in total comprehensive	
			% of Consolidated	Rupees Million	% of Consolidated	Rupees Million	% of Consolidated	Rupees Million	% of Consolidated	Rupees Million
1	Hexaware Technologies Limited (Parent)		59.76%	11,995.21	82.30%	4,111.05	100.00%	91.86	82.62%	4,202.91
	Wholly owned subsidiaries									
1	Hexaware Technologies Inc.	USA	32.21%	6,464.90	10.54%	526.64	-	-	10.35%	526.64
2	Hexaware Technologies, Mexico S. De. R.L. De. C.V.	Mexico	0.40%	80.58	0.63%	31.53	-	-	0.62%	31.53
3	Hexaware Technologies UK Ltd	UK	2.59%	520.53	1.46%	73.07	-	-	1.44%	73.07
4	Hexaware Technologies Asia Pacific Pte Limited	Singapore	2.75%	552.23	6.24%	311.89	-	-	6.13%	311.89
5	Hexaware Technologies GmbH	Germany	1.47%	295.36	0.28%	13.90	-	-	0.27%	13.90
6	Hexaware Technologies Canada Limited	Canada	0.03%	6.33	0.13%	6.42	-	-	0.13%	6.42
7	Hexaware Technologies DO Brazil Ltd , Brazil (Subsidiary of Hexaware Technologies UK Ltd)	Brazil	0.01%	1.20	0.01%	0.53	-	-	0.01%	0.53
8	Guangzhou Hexaware Information Technologies Company Limited	China	0.02%	4.25	-0.06%	(3.24)	-	-	-0.06%	(3.24)
9	Hexaware Technologies LLC	Russia	0.41%	81.71	-0.74%	(36.79)	-	-	-0.72%	(36.79)
10	Hexaware Technologies Saudi LLC	Saudi Arabia	0.04%	8.30	-0.07%	(3.29)	-	-	-0.06%	(3.29)
11	Hexaware Technologies Romania SRL (Formed on September 28, 2016) (Subsidiary of Hexaware Technologies UK Ltd.)	Romania	0.18%	36.14	-0.83%	(41.37)	-	-	-0.81%	(41.37)
12	Hexaware Technology & Business Solutions, Inc. (Closed on August 17, 2017) (Subsidiary of Hexaware Technologies Inc.)	USA	0.00%	-	0.00%	-	-	-	0.00%	-
13	Hexaware Technologies Hong Kong Limited (Formed on April 24, 2017)	Hong Kong	0.03%	5.97	0.04%	2.22	-	-	0.04%	2.22
14	Hexaware Technologies Nordic AB (Formed on September 7, 2017)	Sweden	0.00%	0.39	0.00%	-	-	-	0.00%	-
15	Digitech Technologies Inc. (Formed on November 23, 2017) (Subsidiary of Hexaware Technologies Inc.)	USA	0.00%	-	0.00%	-	-	-	0.00%	-
16	Shanghai Hexaware Information Technologies Company Limited (Formed on December 15, 2017)	China	0.00%	-	0.00%	-	-	-	0.00%	-
	Associate									
1	Experis Technology Solutions Pte. Ltd. (20% ownership interest by Hexaware Technologies Asia Pacific Pte Limited)	Singapore	0.10%	19.64	0.05%	2.70	-	-	0.05%	2.70
	Total		**100.00%**	**20,072.75**	**100.00%**	**4,995.26**	**100.00%**	**91.86**	**100.00%**	**5,087.12**

5 Property, Plant and Equipment (PPE) **Rupees Million**

PPE consist of the following:

	Freehold Land	Buildings	Plant and Machinery	Furniture and Fixtures	Vehicles	Office Equipment	Leasehold Improvements	Total
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 / adjustments	-	-	(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	0.15	3,030.10	2,423.76	785.97	18.87	1,293.50	152.00	7,704.35
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 / adjustments	-	-	(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	-	363.57	1,885.10	554.53	14.00	945.05	114.25	3,876.50
NET CARRYING AMOUNT								
At December 31, 2018	0.15	2,666.53	538.66	231.44	4.87	348.45	37.75	3,827.85
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	0.15	2,728.57	2,127.42	742.67	19.63	1,239.95	136.00	6,994.39
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	-	310.85	1,642.28	520.53	12.09	837.62	90.70	3,414.07
NET CARRYING AMOUNT								
At December 31, 2017	0.15	2,417.72	485.14	222.14	7.54	402.33	45.30	3,580.32

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 December 31, 2018 and December 31, 2017, respectively and net carrying value amounting to Rs. 257.17 million and Rs. 261.81 million as at December 31, 2018 and December 31, 2017, respectively.

6 Goodwill

Goodwill recognised of Rs. 1,809.08 Million is in respect of acquisition of FocusFrame Inc. in the year 2006. The said goodwill is towards the Quality Assurance and Testing Services (QATS) business.

Goodwill is tested for impairment on an annual basis. The recoverable amount is higher of its fair value less costs of disposal and its value in use. Considering the assumptions below, there was no impairment as of December 31, 2018 and December 31, 2017, respectively.

The assumptions used in determining the value in use for the annual testing as at December 31, 2018 and 2017 is summarized below:

- Discount rate is based on the Weighted Average Cost of Capital (WACC) of the Company which is 13.06% (previous year 13.37%)
- Gross margin of 38.5% (Previous year 38.5%), EBITDA margin of 19.5% (Previous year 19.5%) and growth rate of 5% - 6.50% (Previous year 5% - 10%).

These estimates are likely to differ from future actual results of operations and cash flows.

An analysis of the sensitivity of the computation to a combined change in key parameters (gross margin, discount rates and growth rate), based on reasonably probable assumptions, did not identify any probable scenario in which the recoverable amount of the CGU would decrease below its carrying amount.

Following is a summary of changes in the carrying amount of goodwill:	**Rupees Million**
As at January 1, 2017	1,761.18
Translation exchange rate difference	(104.89)
As at December 31, 2017	1,656.29
Translation exchange rate difference	152.79
As at December 31, 2018	1,809.08

7 Intangible assets **Rupees Million**

Intangible assets consist of the following:

	Software licenses	Customer Contracts/Relations	Total
COST			
At January 1, 2018	594.75	141.87	736.62
Additions	76.48	-	76.48
Disposals / Adjustments	-	(130.19)	(130.19)
Translation exchange difference	7.68	(11.68)	(4.00)
At December 31, 2018	678.91	-	678.91
ACCUMULATED AMORTISATION			
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	574.32	-	574.32
NET CARRYING AMOUNT			
At December 31, 2018	104.59	-	104.59
COST			
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	594.75	141.87	736.62
ACCUMULATED AMORTISATION			
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	494.07	65.49	559.56
NET CARRYING AMOUNT			
At December 31, 2017	100.68	76.38	177.06

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

Rupees Million

	As at December 31, 2018	As at December 31, 2017
8 Investments		
A Non current investments in equity shares (unquoted)		
Investment in Associate		
250,000 shares of USD 1/- each in Experis Technology Solutions Pte. Ltd.	21.31	19.65
Other Investments		
At fair value through other comprehensive Income		
240,958 equity shares of Rs. 10/- each in Beta Wind Farm Pvt. Ltd.	4.58	4.58
	25.89	24.23
B Current investments in mutual funds (unquoted)		
At fair value through profit or loss account		
Mutual fund units	101.28	189.19

9 Other financial assets (unsecured) (considered good)

A Non-current	As at December 31, 2018	As at December 31, 2017
Interest accrued on bank deposits	0.93	0.78
Foreign currency derivative assets	101.43	136.10
Restricted bank balances (a)	34.43	34.55
Security deposits for premises and others	249.20	227.95
	385.99	399.38

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

B Current	As at December 31, 2018	As at December 31, 2017
Interest accrued on bank deposits	0.66	1.06
Receivable from Service provider	12.80	-
Foreign currency derivative assets	94.16	586.24
Security deposits for premises and others (b)	6.53	6.28
Employee advances	52.38	47.97
	166.53	641.55

(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 December 31, 2018 and December 31, 2017 respectively.

10 Income taxes

10.1 **Income tax expense is allocated as follows:**	**For year ended December 31, 2018**	**For year ended December 31, 2017**
		Rupees Million
Income tax expense as per the Statement of Profit and Loss	1,431.18	1,410.56
Income tax included in OCI / Equity on:		
a) Net change in fair value of cash flow hedges	117.49	(34.60)
b) Remeasurement of defined benefit plan	(8.45)	(18.71)
c) Recognised in equity in relation to stock based compensation	(17.10)	(21.59)
	1,523.12	1,335.66

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

	For year ended December 31, 2018	**For year ended December 31, 2017**
		Rupees Million
Profit before income-tax	7,265.81	6,405.82
Expected tax expense at the enacted tax rate of 34.994% (Previous year 34.608%) in India	2,538.96	2,216.93
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:		
Income exempt from tax	(1,049.82)	(923.72)
Tax effect of non-deductible expenses	100.67	6.06
Taxes of earlier years	-	(11.11)
Impact of change in tax rate	-	110.65
Tax rate differential at different jurisdictions	(156.82)	(4.58)
Others, net	(1.81)	16.33
Income tax expense recognised in the Statement of Profit and Loss	1,431.18	1,410.56

Current income tax expense comprises of taxes on income from operations in India and foreign jurisdictions. In India, substantial part of operations is carried from units in Special Economic Zones notified by the Government which also benefit from the tax exemptions. These units are eligible for the deduction of 100 percent of profits or gains derived from the export of services for the first five years from commencement of provision of services and 50 percent of such profits or gains for a further five years. 50 percent tax benefit is also available for a further period of five years subject to the unit meeting defined conditions of further investments. In respect of certain jurisdictions, where the income tax year is different from the accounting year, provision for current tax is made on the basis of income for the respective accounting year, which will be adjusted considering the total assessable income for the tax year.

10 Income taxes (Contd')

10.3 Components of deferred taxes as at:

Rupees Million

	January 1, 2017	Recognised in profit or loss	Recognised in OCI *	Recognised in equity	December 31, 2017	Recognised in profit or loss	Recognised in OCI *	Recognised in equity	December 31, 2018
Deferred tax assets									
Allowance for doubtful debts and advances	28.27	(2.81)	(0.54)	-	24.92	9.84	0.82	-	35.58
Employee benefit obligations	443.56	(102.42)	(19.97)	-	321.17	(9.39)	20.83	-	332.61
Provision for severance pay	75.04	(69.86)	(2.64)	-	2.54	(2.55)	0.01	-	0.00
Minimum alternate tax credit carry forward	958.59	275.18	-	-	1,233.77	248.39	-	-	1,482.16
Share based payment	-	35.07	-	21.59	56.66	42.04	8.26	17.10	124.06
Unrealised loss on cash flow hedges	-	-	-	-	-	-	0.89	-	0.89
Others	0.33	6.48	(0.02)	-	6.79	0.78	0.66	-	8.23
Total	1,505.79	141.64	(23.17)	21.59	1,645.85	289.11	31.47	17.10	1,983.53
Deferred tax liabilities									
Unrealised gain on cash flow hedges	81.99	-	34.60	-	116.59	-	(116.59)	-	-
Depreciation	171.60	21.73	0.39	-	193.72	6.61	(0.94)	-	199.39
Total	253.59	21.73	34.99	-	310.31	6.61	(117.53)	-	199.39
Net deferred tax asset	1,252.20	119.91	(58.16)	21.59	1,335.54	282.50	149.00	17.10	1,784.14

* Including in foreign currency translation reserve

(a) Deferred tax liability on undistributed earnings of subsidiaries amounting to Rs. 572.23 million as at December 31, 2018 (Rs. 188.13 million as at December 31, 2017) is not recognized, as the parent company generally reinvests earnings of subsidiaries in the future growth plans of subsidiaries and does not get these distributed by way of dividend or otherwise. Accordingly the group has concluded that it is not probable that such temporary difference will reverse in the forseeable future.

(b) There are unused tax credit as at December 31, 2018 of aggregating Rs. 234.06 million for which no deferred tax asset is recognized in the Balance sheet.

Rupees Million

11 Other assets (unsecured)

A Non-current

	As at December 31, 2018	As at December 31, 2017
Capital Advances	47.05	1.37
Prepaid Expenses relating to leasehold land *	530.30	525.04
Other Prepaid Expenses	219.56	226.25
Indirect taxes recoverable	112.21	81.10
	909.12	833.76

* 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. 79.87 million and Rs. 80.78 million as at December 31, 2018 and December 31, 2017, respectively

B Current

	As at December 31, 2018	As at December 31, 2017
Prepaid Expenses	496.28	448.81
Indirect taxes recoverable	79.99	143.85
Others	23.08	12.56
	599.35	605.22

12 Trade Receivables (unsecured)

	As at December 31, 2018	As at December 31, 2017
Considered good	8,031.00	5,360.31
Considered doubtful	129.22	102.71
Less: Allowance for doubtful receivables	(129.22)	(102.71)
	8,031.00	5,360.31

	As at December 31, 2018	As at December 31, 2017
Not due	4,302.66	3,450.46
Due less than 180 days (*)	3,642.17	1,899.85
Due greater than 180 days (**)	86.17	10.00
	8,031.00	5,360.31

* Net of allowance for doubtful receivables Rs. 18.37 Million (Previous year 24.04 Million)
** Net of allowance for doubtful receivables Rs. 110.85 Million (Previous year 78.67 Million)

Movement in allowance for doubtful receivables

Balance at the beginning of the year	102.71	74.81
Expense for the year	126.03	44.43
Amounts recovered during the year	(106.92)	(30.42)
Written-off during the year	7.40	13.89
Balance at the end of the year	129.22	102.71

13 Cash and bank balances

A Cash and cash equivalents

	As at December 31, 2018	As at December 31, 2017
Remittance in transit	3.21	-
Cash in hand	-	0.01
In current accounts with banks	7,962.06	5,098.66
Bank deposit accounts with less than 3 months maturity	85.28	48.74
Unclaimed dividend accounts	154.38	150.26
Margin money with banks	34.43	34.55
	8,239.36	**5,332.22**
Less: Restricted bank balances	(188.81)	(184.81)
	8,050.55	5,147.41

B Other bank balances

Restricted bank balances in respect of unclaimed dividend	154.38	150.26
	154.38	**150.26**

Rupees Million
(except per share data)

14 Equity Share Capital

14.1 Authorised capital

	As at December 31, 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 Issued, subscribed and paid-up capital

	December 31, 2018	December 31, 2017
Equity shares of Rs. 2 each	594.72	593.61

14.3 **Reconciliation of number of shares**

	December 31, 2018	December 31, 2017
Shares outstanding at the beginning of the year	296,803,757	302,028,195
Shares issued during the year	557,232	470,397
Shares bought back during the year	-	(5,694,835)
Shares outstanding at the end of the year	297,360,989	296,803,757

14.4 Rights, preferences and restrictions attached to equity shares

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

Name of shareholder		December 31, 2018	December 31, 2017
HT Global IT Solutions Holdings Ltd. (Holding Company)	No. of shares held	186,318,590	211,318,590
	% of holding	62.66%	71.20%
HDFC Trustee Company Ltd.	No. of shares held	19,274,031	18,885,481
	% of holding	6.48%	6.36%

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 Shares reserved for issue under options

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. 8,687,324 options / RSU's were outstanding as on December 31, 2018 (9,667,235 as on December 31, 2017).

14.8 The dividend per share recognised as distribution to equity shareholders during the year ended December 31, 2018 was Rs. 7.00 per share (year ended December 31, 2017 Rs. 4.00 per share)

Rupees Million

15 Other financial liabilities

A Non-current

	As at December 31, 2018	As at December 31, 2017
Capital creditors	-	25.55
Foreign currency derivative liabilities	72.95	3.40
Others	2.69	2.21
	75.64	31.16

B Current

	As at December 31, 2018	As at December 31, 2017
Unclaimed dividend	154.38	150.25
Capital creditors	74.93	125.54
Deposit received from customer	0.03	0.03
Employee liabilities	1,550.17	1,323.12
Foreign currency derivative liabilities	135.18	4.49
	1,914.69	1,603.43

16 Trade and other payables

	As at December 31, 2018	As at December 31, 2017
Trade payables	1,871.12	1,292.02
Accrued expenses	1,428.78	912.21
	3,299.90	2,204.23

17 Other liabilities

Current

	As at December 31, 2018	As at December 31, 2017
Advance from customers	190.12	-
Unearned revenues	314.12	217.99
Statutory liabilities	510.04	371.68
	1,014.28	589.67

18 Provisions - Others

	December 31, 2018	December 31, 2017
Provision at the beginning of the year	7.67	171.93
Paid during the year	(6.14)	(111.89)
Adjusted during the year	(1.53)	(52.37)
Provision at the end of the year	-	7.67

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

19 Other income

	Rupees Million For the year ended December 31, 2018	December 31, 2017
Dividend	9.73	8.45
Interest income	53.26	8.79
(Loss) / profit on sale of property, plant and equipment (net)	(1.69)	2.61
Liability no longer required written back *	27.39	-
Miscellaneous income	16.79	15.97
	105.48	35.82

* 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 For the year ended December 31, 2018	December 31, 2017
Consultant travel and related expenses	1,820.79	1,686.34
Software expenses *	8,429.58	5,705.59
	10,250.37	7,391.93
* includes sub- contracting charges	7,870.92	5,564.97

21 Employee benefits expense

	For the year ended December 31, 2018	December 31, 2017
Salary and allowances	21,397.42	18,690.41
Contribution to provident, other funds and benefits	2,484.72	2,163.10
Staff welfare expenses	543.65	483.53
Employee stock option compensation cost	373.74	349.50
	24,799.53	21,686.54

21 Employee benefit expenses (cont'd)

21.1 Employee benefit plans

i) **Provident Fund and Superannuation Fund and other similar funds**

a) In respect of employees in India

Both the employees and the Company make monthly contributions to the Provident Fund Plan equal to a specified percentage of the covered employee’s salary. In respect of the Company's employees enrolled with the Hexaware Technologies Limited Employees Provided Fund Trust (the ‘Trust’), the Company pays a part of the contributions to the Trust. The remaining portion of Company’s contribution in respect of such employees and entire contribution in respect of other employees is contributed to the Government administered employee Provident and Pension Fund.

The interest rate payable by the Trust to the beneficiaries every year is being notified by the Government. The Company has an obligation to make good the short fall, if any, between the return from the investments of the trust and the notified interest rate. The actuary has accordingly provided a valuation and based on the fund position and assumptions mentioned below, there is no shortfall as at 31st December 2018.

Rupees Million

Particulars	**December 31, 2018**	**December 31, 2017**
Present value of benefit obligation	3,447.03	2,934.93
Fair value of plan assets	3,447.03	2,934.93
Expected Investment Return	8.43%	8.75%
Remaining term of maturities of plan assets	5.95 years	6.35 years
Expected guaranteed interest rates	8.55%	8.65%

Certain employees of the Company are entitled to benefits under the superannuation plan, a defined contribution plan. The Company makes quarterly contributions under the superannuation plan to LIC based on a specified percentage of each covered employees salary and recognises such contributions as an expense when incurred and has no further obligation to the plan beyond such contributions.

During the year, the Group has recognized expenses towards contributions to provident fund and other funds and superannuation funds of Rs. 389.15 million (Previous year Rs 317.03 million) and Rs 14.15 million (Previous year Rs 8.33 million), respectively.

b) The Group, during the year contributed Rs. 810.69 million (Previous year Rs 696.93 million) towards various other defined contributions plans and benefits of subsidiaries located outside India as per laws of the respective country.

21.2 Employee benefit plans (contd.)

ii) **Gratuity Plan**

The Company makes annual contribution to the Employee's Company Gratuity Assurance Scheme, administered by the Life Insurance Corporation of India ('LIC'), a funded defined benefit plan for qualifying employees. The scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment based on completed years of service or part thereof in excess of six months based on the employee's service and last drawn salary at the time of leaving. The employees do not contribute towards this plan and the full cost of providing these benefits are met by the Company. Vesting occurs on completion of specified years of service.

The following table sets out the status of the gratuity plan for the year ended December 31: **Rupees Million**

Particulars	**2018**	**2017**
Change in Defined Benefit Obligation		
Opening defined benefit obligation	**659.05**	**647.55**
Current service cost	140.56	133.19
Interest cost	46.76	41.70
Adjustment for remeasurement of defined benefit plan		
- Actuarial loss/(gains) arising from change in financial assumptions	15.25	(30.83)
- Actuarial loss/(gains) arising from change in demographical assumptions	(53.77)	(20.31)
- Actuarial loss/(gains) arising on account of experience changes	(16.72)	(52.09)
Benefits paid	(73.40)	(60.16)
Closing defined benefit obligation	***717.73***	***659.05***
Change in the Fair Value of Assets		
Opening fair value of plan assets	***549.78***	***440.89***
Interest on plan assets	42.34	31.21
Remeasurement due to actual return on plan assets less interest on plan assets	(13.79)	-
Contribution by employer	58.97	137.84
Benefits paid	(73.40)	(60.16)
Closing fair value of plan assets	***563.90***	***549.78***
Net liability as per actuarial valuation	***153.83***	***109.27***
Expense charged to statement of profit and loss:		
Current service cost	140.56	133.19
Net interest on defined benefit plan	4.41	10.49
Total Included in Employment expenses	***144.97***	***143.68***
Amount recognised in other comprehensive income:		
Remeasurement of defined benefit plan due to -		
- changes in financial assumptions	15.25	(30.83)
- changes in demographical assumptions	(53.77)	(20.31)
- Experience adjusments	(16.72)	(52.09)
- Actual return on plan assets less interest on plan assets	13.79	-
Total amount recognised in other comprehensive income	***(41.45)***	***(103.24)***
Actual return on plan assets	**28.55**	**31.21**
Category of assets -Insurer Managed Fund #	**563.90**	**549.78**

Since the investments are held in the form of deposit with the LIC, these are not volatile, the market value of assets is the cost value of assets and has been accordingly considered for the above disclosures.
The Company is expected to contribute Rs. 100 million to gratuity funds in the year ending 31st December, 2018.

Financial assumptions at the valuation date	**2018**	**2017**
Discount rate	7.25%	7.45%
Rate of increase in compensation levels of covered employees *	7.5% to 10%	6% to 10%
Rate of Return on Plan assets	7.25%	7.45%

* The estimates of future salary increases considered in actuarial valuation takes into account the inflation, seniority, promotions and other relevant factors.

The following table summarises the impact in percentage terms on the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the reported assumption by 50 basis points:

Impact on defined benefit obligation	**December 31, 2018**		**December 31, 2017**	
	Discount Rate	**Salary Escalation Rate**	**Discount Rate**	**Salary Escalation Rate**
Increase in 50 bps	-2.70%	2.82%	-4.21%	4.49%
Decrease in 50 bps	2.84%	-2.71%	4.52%	-4.22%

These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analyses.

Projected plan cash flow

The table below shows the expected cash flow profile of the benefits to be paid to the current membership of the plan based on past service of the employees as at the valuation date.

Maturity profile	**Rupees Million**
Year 1	121.52
Year 2	101.79
Year 3	97.37
Year 4	92.21
Year 5	83.81
Thereafter	665.60

The weighted average duration to the payment of these cash flows is 5.54 years.

Rupees Million

22 Operation and Other Expenses

	For the year ended December 31, 2018	December 31, 2017
Rent	444.95	409.58
Rates and taxes	54.54	42.41
Travelling and conveyance	930.46	815.92
Electricity charges	249.22	236.91
Communication expenses	265.39	271.53
Repairs and maintenance	526.31	451.53
Printing and stationery	37.30	40.74
Auditors remuneration	29.72	33.65
Legal and professional fees	249.89	270.58
Advertisement and business promotion	330.10	304.44
Bank and other charges	24.83	13.76
Directors' sitting fees	2.39	2.49
Insurance charges	60.07	51.88
Debts and advances written off	15.83	13.89
Provision for doubtful accounts (net of write back)	20.12	29.26
Staff recruitment expenses	176.88	213.73
Service charges	404.90	326.17
Miscellaneous expenses	266.63	261.56
	4,089.53	3,790.03

23 Earnings per share (EPS)

The components of basic and diluted EPS were as follows:

	For the year ended	
	December 31, 2018	December 31, 2017
Net profit after tax (Rupees Million)	5,834.63	4,995.26
Weighted average outstanding equity shares considered for basic EPS (Nos.)	296,930,534	297,430,061
Basic earnings per share (In Rupees)	19.65	16.79
Weighted average outstanding equity shares considered for basic EPS (Nos.)	296,930,534	297,430,061
Add : Effect of dilutive issue of stock options (Nos.)	5,245,943	4,272,786
Weighted average outstanding equity shares considered for diluted EPS (Nos.)	302,176,477	301,702,847
Diluted earnings per share (In Rupees)	19.31	16.56
Par value per share	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

Rupees Million

Transactions	For the year ended	
	December 31, 2018	December 31, 2017
Holding company		
Reimbursement of cost	-	3.82
Associate		
Software and consultancy income	133.24	110.79
Remuneration to KMP and directors		
Short term employee benefits	92.31	71.01
Post employment benefits	5.52	1.60
Share based payment	51.90	49.87
Commission and other benefits to non-executive directors	43.16	40.41

Closing balances as at	December 31, 2018	December 31, 2017
Receivables from associate	49.83	18.85
Payable to / provision for KMP	74.31	64.05

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:

December 31, 2018	Amortised Cost	Fair value through profit and loss	Fair value through other comprehensive income	Derivative instrument in hedging relationship	Total carrying / fair value
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
	19,322.71	101.28	4.58	195.59	19,624.16
Trade payables	3,299.90	-	-	-	3,299.90
Other financial liabilities	1,782.20	-	-	208.13	1,990.33
	5,082.10	-	-	208.13	5,290.23

December 31, 2017	Amortised Cost	Fair value through profit and loss	Fair value through other comprehensive income	Derivative instrument in hedging relationship	Total carrying / fair value
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.

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

December 31, 2018	Level I	Level II	Level III	Total
Mutual fund units	101.28	-	-	101.28
Investments in equity shares	-	-	4.58	4.58
Derivative financial assets	-	195.59	-	195.59
	101.28	195.59	4.58	301.45
Derivative financial liabilities	-	208.13	-	208.13

December 31, 2017	Level I	Level II	Level III	Total
Mutual fund units	189.19	-	-	189.19
Investments in equity shares	-	-	4.58	4.58
Derivative financial assets	-	722.34	-	722.34
	189.19	722.34	4.58	916.11
Derivative financial liabilities	-	7.89	-	7.89

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 Financial Instruments (Cont'd)

25.3 **Financial risk management**

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

Geographic and client concentration risk

In year 2018, Americas contributed 77.55% (year 2017 - 81.12%) of the Group's total revenue. The Group continues to expand its global footprint to diversify geographic concentration though Americas remains largest market for the IT industry. The Group's exposure to the US regions is in line with the global industry practices. The Group will continue to invest in the region. There are a number of other growth factors in Americas such as favour for capitalism, highest per capita income, innovation driven culture and focus to retain high end work that allow us to identify and address the pockets of inefficiencies in the most optimum way.

51.70% of the revenue of the year is generated from top 10 clients (previouse year - 55.00%). Any loss or major downsizing by these clients may impact Group's profitability. Further, excessive exposure to particular clients will limit Group's negotiating capacity and expose us to higher credit risk.

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

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

Credit risk

Since most of Groups transactions are done on credit, the Group is exposed to credit risk on accounts receivable. Any delay, default or inability on the part of the client to pay on time will expose the Group to credit risk and can impact our profitability. Group's maximum credit exposure is in respect of trade receivables of Rs. 8,031.00 million and Rs. 5,360.31 million as at December 31, 2018 and December 31, 2017, respectively and unbilled revenue of Rs 2,729.85 miillion and Rs. 2,368.50 million as at December 31, 2018, December 31, 2017, respectively.

We have adopted an effective receivable management system to control the Days' Sales Outstanding (DSO). Our DSO including unbilled revenue is 85 days and 73 days as on December 31, 2018 and December 31, 2017, respectively. Refer Note No 12 for the age wise analysis of trade receivables that are not due as well as past due and allowance for the doubtful receivables.

Top 10 customer dues (including unbilled revenue) contribute 47.76% of the total outstanding as at December 31, 2018 (43.9% as at December 31, 2017).

Cash and cash equivalents and mutual funds are neither past due nor impaired. Cash and cash equivalents include deposits with banks and financial institution with high credit-ratings assigned by credit-rating agencies. The investment in liquid mutual fund units are measured at fair value through profit and loss.

25 Financial Instruments (Cont'd)

25.3 **Financial risk management (Cont'd)**

Foreign Currency fluctuations Risk

Foreign exchange fluctuations is one of the key risks impacting our business. The offshore part of the revenue remains exposed to the risk of Rupee appreciation which is functional currency of the Company vis-a-vis the US Dollar, the Euro and other foreign currencies, as largely, the costs incurred are in Indian Rupees and the revenue/ inflows are in foreign currencies. The contracts the company enters into with our customers tend to run across several years and many of these contracts are at fixed rates, therefore any appreciation in the Indian rupee vis-à-vis foreign currencies will affect margins.

The Foreign Exchange Risk Management Policy authorized by the Forex Committee of the Board takes these circumstances into account and authorizes hedging on a systematic basis. These risks have been effectively addressed by the processes and controls laid out in the Foreign Exchange Risk Management Policy. The hedge ratio assigned to the exposures depends on the time horizon in which they fall, the near term exposures get a higher ratio whereas the farther exposures get a lower ratio. This graded approach ensures that hedges are spread across the hedge horizon in a tapered down manner. The exposure as indicated below is net of derivative contracts entered into by the Company.

Rupees Million

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

	USD	EUR	GBP	Others*
Net financial assets	6,263.18	447.77	460.34	403.43
Net financial liabilities	79.54	134.61	3.17	11.81
Net assets/(liabilities)	6,183.64	313.16	457.17	391.62

Rupees Million

The following table analyses foreign currency risk from financial instruments as at December 31, 2017:

	USD	EUR	GBP	Others*
Net financial assets	3,891.70	459.78	194.61	644.42
Net financial liabilities	365.90	85.32	69.68	58.53
Net assets/(liabilities)	3,525.80	374.46	124.93	585.89

10% depreciation/appreciation of the respective foreign currencies vis-a-vis functional currency of the Company and its subsidiaries would result in the increase/ decrease in Group's profit before tax approximately by Rs. 734.56 million, Rs. 461.11 million for the year ended December 31, 2018 and December 31, 2017, respectively.

*Others include currencies such as Singapore Dollars, Canadian Dollars, United Arab Emirates Dirhams, Philippine Pesos, Japanese Yen, Australian Dollars etc.

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)	December 31 2018	December 31 2017
USD	162.12	152.88
Euro	5.84	3.90
GBP	11.32	7.50

The weighted average forward rate for the hedges outstanding as at December 31, 2018 is Rs. 71.83, Rs. 88.22 and Rs. 98.70 (As at December 31, 2017 Rs. 70.89, Rs. 82.16 and Rs. 91.87) for USD, Euro and GBP, respectively. The hedges mature over the eight quarters.

10% depreciation/appreciation of the respective foreign currencies with respect to closing exchange rate would result in the increase/ decrease in Group's other comprehensive income approximate by Rs. 149.56 million and Rs. 948.12 million for the year ended December 31, 2018 and December 31, 2017 respectively.

25 Financial Instruments (Cont'd)

25.3 **Financial risk management (Cont'd)**

Foreign Currency fluctuations Risk (Cont'd)

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

Rupees Million

	For year ended December 31, 2018	For year ended December 31, 2017
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	(145.59)	(595.35)
Add: Changes in the fair value of the effective portion of outstanding cash flow hedges	(452.59)	855.00
Less : Deferred tax on CFHR	117.49	(34.60)
Balance at the end of the year	(14.86)	465.83

There were no material hedge ineffectiveness for the year ended December 31, 2018 and December 31, 2017.

Liquidity risk

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

Over the years, the Group has increased its liquidity position by managing its DSO and maintaining high cash / bank balance and investments.

As at December 31, 2017, the Group had total cash, bank balance and investments of Rs. 8,340.64million (as at December 31, 2017 Rs. 5,521.41 million) which constitutes approximately 26.62% (previouse year 21.69%) of total assets. The Group does not have any debt.

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

Rupees Million

As at December 31, 2018	Less than 1 year	1-5 years	Total
Trade and other payables	3,299.90	-	3,299.90
Derivative financial liabilities	135.18	72.95	208.13
Others (Refer note 15)	1,779.51	2.69	1,782.20
Total	5,214.59	75.64	5,290.23

Rupees Million

As at December 31, 2017	Less than 1 year	1-5 years	Total
Trade and other payables	2,204.23	-	2,204.23
Derivative financial liabilities	4.49	3.40	7.89
Others (Refer note 15)	1,598.94	27.76	1,626.70
Total	3,807.66	31.16	3,838.82

Interest rate risk

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

Capital management

The Group's objectives when managing capital is to maintain optimal capital structure to continue to provide for adequate capital in the business, returns for shareholders and benefits for other stakeholders in the form of dividends, return of capital or issue of new shares.

26 The Group takes on lease offices space and accommodation for its employees under various operating leases. The lease term ranges between 1 year to 9 year with option to renew. The lease rentals towards operating lease agreements recognised in the Statement of Profit and Loss for the year are Rs. 444.95 million (Previous year Rs. 409.58 million).

The future minimum lease payments and payment profile of the non-cancellable operating leases as at December 31:

Rupees Million

Particulars	**2018**	**2017**
Not later than one year	392.67	466.92
Later than one year and not later than five years	1,014.44	434.82
Later than five years	946.63	-
Total	**2,353.74**	**901.74**

27 Employee share based compensation

27.1 The Remuneration and Compensation Committee (‘Committee’) of the Company administers the stock options plans viz. ESOP 2007, 2008 and 2015 plan. Under the plans, the employees of the Company as well as its subsidiaries are granted options/ Restricted Stock Options (RSU) entitling them to one equity share of Rs 2/- each for each option granted. Exercise price is the market price of the shares of the Company at the grant date or the price determined by the Committee. During the year, the Company extended the vesting period (at an option of the RSU holder) by one year for the certain RSU's holders, The modification did not have material impact. The Options / RSU’s vest over a period of 1 to 5 years from the date of grant on the basis of service period and/or achievement of performance conditions. The maximum time available to exercise upon vesting is 6 years.

27.2 **The particulars of number of options granted and lapsed under the aforementioned:**

	ESOP - 2007		**ESOP - 2008**		**ESOP - 2015**		**Total**	
	Options (nos.)	Weighted avg. ex. price per option (Rs)	Options (nos.)	Weighted avg. ex. price per option (Rs)	Options (nos.)	Weighted avg. ex. price per option (Rs)	Options (nos.)	Weighted avg. ex. price per option (Rs)
Outstanding as at the beginning of the year	179,250 *(427,750)*	66.07 *(62.79)*	2,922,839 *(3,632,751)*	2.00 *(2.00)*	6,565,146 *(5,203,906)*	2.00 *(2.00)*	9,667,235 *(9,264,407)*	3.19 *(4.81)*
Granted during the year	- *(-)*	- *(-)*	- *(-)*	- *(-)*	613,725 *(2,295,605)*	2.00 *(2.00)*	613,725 *(2,295,605)*	2.00 *(2.00)*
Exercised during the year	51,000 *(181,750)*	67.07 *(61.62)*	231,214 *(25,742)*	2.00 *(2.00)*	275,018 *(262,905)*	2.00 *(2.00)*	557,232 *(470,397)*	7.96 *(25.04)*
Lapsed during the year	128,250 *(66,750)*	65.67 *(57.14)*	186,670 *(702,770)*	2.00 *(2.00)*	721,484 *(652,860)*	2.00 *(2.00)*	1,036,404 *(1,422,380)*	9.88 *(4.59)*
Outstanding as at the end of the year	- *(179,250)*	- *(66.07)*	2,504,955 *(2,904,239)*	2.00 *(2.00)*	6,182,369 *(6,583,746)*	2.00 *(2.00)*	8,687,324 *(9,667,235)*	2.00 *(3.19)*
Exercisable as at the end of the year	- *(179,250)*	- *(66.07)*	51,150 *(246,094)*	2.00 *(2.00)*	503,191 *(428,988)*	2.00 *(2.00)*	554,341 *(854,332)*	2.00 *(15.44)*

The weighted average share price on the date of exercise of options / RSU during the year was Rs. 428.89 and Rs. 215.29 for the year ended December 31, 2018 and December 31, 2017 respectively.

** Previous year figures are gven in brackets*

27.3 Range of exercise price and weighted average remaining contractual life (in months) for the options outstanding:

Range of exercise price	**December 31, 2018**		**December 31, 2017**	
	Options/ RSU's (Nos)	**Life**	**Options/ RSU's (Nos)**	**Life**
2.00	8,687,324	30	9,487,985	38
59.08 - 79.85	-	-	179,250	3
Total	**8,687,324**		**9,667,235**	

27.4 The fair values of RSU’s granted in year 2018 and 2017 are determined using Black Scholes Option pricing model using following principal assumptions:

Particulars	**2018**	**2017**
Weighted Average fair value (Rs.)	413.44	232.32
Weighted Average share price (Rs.)	448.57	247.04
Dividend Yield (%)	1.59 - 2.25	1.40 - 2.82
Expected Life (years)	2.50-5.85	1.25 - 4.35
Risk free interest rate (%)	7.09- 8.28	6.26 - 6.73
Volatility (%)	33.60- 38.00	28.97 - 37.13

The expected volatility is determined based on historical volatility during a period equivalent to the expected term of RSU granted.

28 Segment disclosures

28.1 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)

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 year ended December 31, 2018 — **Rupees Million**

	T & T	BFS	H & I	PS	M & C	Total
Revenue	5,156.64	19,868.87	8,297.23	6,039.65	7,115.23	46,477.62
Expenses	(4,010.90)	(17,228.57)	(6,920.02)	(5,224.91)	(5,755.03)	(39,139.43)
Segment profit	1,145.74	2,640.30	1,377.21	814.74	1,360.20	7,338.19
Less: Depreciation						(650.55)
Add: Exchange rate differences (net)						471.45
Add: Other income						105.48
Less: Interest expense						(0.42)
Add: Share in net profit of associate (net of tax)						1.66
Profit before tax						**7,265.81**
Less: Tax expense						(1,431.18)
Profit after tax						**5,834.63**

Segment results for the year ended December 31, 2017 — **Rupees Million**

	T & T	BFS	H & I	PS	M & C	Total
Revenue	5,141.89	17,132.14	6,371.06	5,421.04	5,354.01	39,420.14
Expenses	(3,771.69)	(15,002.33)	(5,164.80)	(4,784.25)	(4,145.43)	(32,868.50)
Segment profit	1,370.20	2,129.81	1,206.26	636.79	1,208.58	6,551.64
Less: Depreciation						(632.77)
Add: Exchange rate differences (net)						449.62
Add: Other income						35.82
Less: Interest expense						(1.19)
Less: Share in net profit of associate (net of tax)						2.70
Profit before tax						**6,405.82**
Less: Tax expense						(1,410.56)
Profit after tax						**4,995.26**

28 Segment disclosures (Cont'd)

28.2 **Geographic disclosures**

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

	Rupees Million	
	For the year ended	
	December 31, 2018	December 31, 2017
Americas	36,042.93	31,976.72
Europe	5,920.95	4,185.02
India	1,435.09	1,083.90
Rest of the world	3,078.65	2,174.50
Total	**46,477.62**	**39,420.14**

(b) The information regarding geographical non-current assets is as follows:

	Rupees Million	
	As at	
	December 31, 2018	December 31, 2017
Americas	1,902.80	1,919.39
Europe	186.20	184.43
India	7,169.40	6,956.59
Rest of the world	10.92	98.52
Total	**9,269.32**	**9,158.93**

28.3 **Customer information**

Customer accounting for the revenue in excess of 10% of the Group revenue:

		Rupees Million	
		For the year ended	
Customer	**Segment**	December 31, 2018	December 31, 2017
Customer A	BFS	6,120.56	5,344.42
Customer B	PS	4,957.34	5,093.42
Customer C	BFS	4,949.28	4,002.49

All of above are categorised in Americas geography.

29 Contingent liabilities and commitment

29.1 **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.

29.2 **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.

29.3 Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances) as at December 31, 2018 is Rs. 390.50 million (As at December 31, 2016 Rs. 56.90 million)

30 The Company has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law / accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) has been made in the books of accounts.

31 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 January 30, 2019 has declared interim dividend of Rs 2.50/- per equity share (125%). This would result in cash outflow of Rs. 896.21 Million including corporate dividend tax of Rs. 152.81 million.

32 Approval of the financial statements

The consolidated financial statements were approved for issue by the Board of Directors on January 30, 2019.