

Independent Auditor's Report

To the Board of Directors of Hexaware Technologies Limited

Report on the Audit of the Condensed Interim Standalone Financial Statements

Opinion

We have audited the condensed interim standalone financial statements of Hexaware Technologies Limited (hereinafter referred to as “the Company”), which comprise the condensed standalone balance sheet as at 30 September 2020, and the condensed standalone statement of profit and loss (including other comprehensive income) for the quarter and year-to-date period then ended, condensed standalone statement of changes in equity and condensed standalone statement of cash flows for the year-to-date period then ended, and notes to the condensed interim standalone financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as “Condensed Interim Standalone Financial Statements”), as required by Indian Accounting Standard (“Ind AS”) 34 “Interim Financial Reporting” and other accounting principles generally accepted in India.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid condensed interim standalone financial statements give a true and fair view in conformity with Ind AS 34 and other accounting principles generally accepted in India, of the state of affairs of the Company as at 30 September 2020, and of its profit and other comprehensive income for the quarter and year-to-date period then ended, changes in equity and its cash flows for the year-to-date period ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (“SAs”) specified under Section 143(10) of the Companies Act, 2013 (“Act”). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Condensed Interim Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (“ICAI”) together with the ethical requirements that are relevant to our audit of the condensed interim standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's and Board of Directors' Responsibilities for the Condensed Interim Standalone Financial Statements

The Company's Management and Board of Directors are responsible for the preparation of these condensed interim standalone financial statements that give a true and fair view of the state of affairs, profit / loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with Ind AS 34 prescribed under Section 133 of the Act and other accounting principles generally accepted in India.

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

Independent Auditor's Report (*Continued*)

Hexaware Technologies Limited

Management's and Board of Directors' Responsibilities for the Condensed Interim Standalone Financial Statements (*Continued*)

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

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

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

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

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

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

Independent Auditor's Report (*Continued*)

Hexaware Technologies Limited

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

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

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

For **B S R & Co. LLP**

Chartered Accountants

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

Mumbai
22 October 2020

Rajesh Mehra

Partner

Membership No: 103145

UDIN: [20103145AAAACY7243](#)

Hexaware Technologies Limited

Condensed Interim Standalone Balance Sheet

as at 30 September 2020

(Rupees Million)

	Notes	As at 30 September 2020	As at 31 December 2019
ASSETS			
Non-current assets			
Property, plant and equipment	4	5,890.96	5,717.85
Capital work-in-progress		277.14	871.92
Right of use assets	3.1	2,893.10	-
Other intangible assets	5	74.46	102.90
Financial assets			
- Investments	6	2,311.16	2,300.49
- Loans - Security deposits	8A	352.45	343.47
- Other financial assets	9A	113.41	58.24
Deferred tax assets (net)	7	1,574.70	1,549.07
Income tax assets (net)		354.05	380.14
Other non-current assets	10A	201.88	777.28
Total non-current assets		14,043.31	12,101.36
Current assets			
Financial assets			
- Trade receivables	11	8,424.19	6,543.12
- Unbilled receivables		1,343.56	1,947.56
- Cash and cash equivalents	12A	2,563.96	670.22
- Other bank balances	12B	145.71	149.11
- Loans-Security deposits	8B	2.21	1.82
- Other financial assets	9B	576.91	740.63
Other current assets	10B	304.78	439.64
Total current assets		13,361.32	10,492.10
Total assets		27,404.63	22,593.46
EQUITY AND LIABILITIES			
Equity			
Equity Share capital	13	600.26	596.77
Other Equity		20,247.76	18,916.32
Total equity		20,848.02	19,513.09
Non-current liabilities			
Financial liabilities			
- Lease liabilities		2,240.28	-
- Other financial liabilities	14A	11.29	34.75
Other non-current liabilities	16A	17.75	16.90
Provisions - Employee benefit obligations in respect of Gratuity and others		711.99	410.89
Total non-current liabilities		2,981.31	462.54
Current liabilities			
Financial liabilities			
- Lease liabilities		127.75	-
- Trade and other payables			
(i) Dues of micro enterprises and small enterprises		13.47	-
(ii) Dues of other than micro enterprises and small enterprises	15	1,252.50	886.26
- Other financial liabilities	14B	1,109.01	1,078.29
Other current liabilities	16B	245.35	298.80
Provisions			
- Employee benefit obligations in respect of compensated absences and others		553.69	271.84
Income tax liabilities (net)		273.53	82.64
Total current liabilities		3,575.30	2,617.83
Total liabilities		6,556.61	3,080.37
Total equity and liabilities		27,404.63	22,593.46

The accompanying notes 1 to 32 form an integral part of the condensed interim Standalone financial statements

As per our report of even date attached

For **B S R & Co. LLP**

Chartered Accountants

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

For and on behalf of the Board of Directors of

Hexaware Technologies Limited

(CIN : L72900MH1992PLC069662)

Rajesh Mehra

Partner

Membership No : 103145

Mumbai

October 22, 2020

Vikash Kumar Jain

Chief Financial Officer

Mumbai

October 22, 2020

Milind Sarwate

Director

DIN 00109854

Mumbai

October 22, 2020

R. Srikrishna

CEO & Executive Director

DIN 03160121

New Jersey

October 22, 2020

Hexaware Technologies Limited

Condensed Interim Standalone Statement of Profit and Loss

for the quarter and nine months ended 30 September 2020

(Rupees Million, except EPS)

	Notes	For the quarter ended		For the nine months ended	
		30 September 2020	30 September 2019	30 September 2020	30 September 2019
INCOME					
Revenue from operations	17	6,462.68	5,557.64	17,914.72	15,678.09
Exchange rate difference (net)		(9.13)	215.20	251.02	243.21
Other income	18	30.15	14.11	72.30	25.02
Total income		6,483.70	5,786.95	18,238.04	15,946.32
EXPENSES					
Software and development expenses	19	589.72	188.12	1,043.50	854.39
Employee benefits expense	20	3,586.11	3,004.73	10,316.02	8,278.39
Finance costs	22	76.57	0.10	229.63	0.19
Depreciation and amortisation expense	4,5	284.26	155.82	844.94	426.93
Operation and other expenses	21	557.35	703.66	1,627.93	1,883.65
Total expenses		5,094.01	4,052.43	14,062.02	11,443.55
Profit before exceptional item and tax		1,389.69	1,734.52	4,176.02	4,502.78
Exceptional item - Acquisition related costs		-	-	-	5.21
Profit before tax		1,389.69	1,734.52	4,176.02	4,497.56
Tax expense					
- Current tax		283.90	250.93	811.26	846.67
- Deferred tax charge/(credit)		(20.55)	56.32	(41.67)	(105.17)
Total tax expense		263.35	307.25	769.59	741.50
Profit for the Period		1,126.34	1,427.27	3,406.43	3,756.06
Other comprehensive income (OCI):					
<i>i) Items that will not be reclassified to profit or loss</i>					
- Remeasurement of defined benefit plan		14.95	(11.76)	(171.36)	21.12
- Income tax relating to items that will not be reclassified to profit or loss		(2.96)	3.35	50.20	0.12
<i>ii) Items that will be reclassified to profit or loss</i>					
- Net change in fair value of cash flow hedges		316.57	(190.56)	26.21	214.16
- Income tax relating to items that will be reclassified to profit or loss		(68.24)	36.10	(84.42)	(43.67)
Total other comprehensive income / (loss)		260.32	(162.87)	(179.37)	191.73
Total comprehensive income for the period		1,386.66	1,264.40	3,227.06	3,947.79
Earnings per share (EPS) (In Rupees)					
Basic	24	3.76	4.79	11.40	12.61
Diluted		3.72	4.72	11.25	12.43

The accompanying notes 1 to 32 form an integral part of the condensed interim Standalone financial statements

As per our report of even date attached

For B S R & Co. LLP

Chartered Accountants

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

For and on behalf of the Board of Directors of

Hexaware Technologies Limited

(CIN : L72900MH1992PLC069662)

Rajesh Mehra

Partner

Membership No : 103145

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R. Srikrishna

CEO & Executive Director

DIN 03160121

New Jersey

October 22, 2020

Hexaware Technologies Limited

Condensed Interim Standalone Statement of Changes in Equity

for the nine months ended 30 September 2020

(Rupees Million)

A Equity Share Capital

	As at 30 September 2020	As at 30 September 2019
Outstanding at the beginning of the Period	596.77	594.72
Issued during the Period	3.49	1.96
Outstanding at the end of the Period (Note 13)	<u>600.26</u>	<u>596.68</u>

B Other Equity

	Reserves and Surplus							Other comprehensive income	Total	
	Share application money pending allotment	Securities Premium	Amalgamation Reserve	Special Economic Zone Re-investment Reserve	Share options outstanding account	Capital Redemption Reserve	General reserve			Retained Earnings
Balances as at December 31, 2019	-	3,846.22	4.38	-	807.77	11.39	2,117.71	11,902.79	226.06	18,916.32
Transition Adjustment (refer note 3)	-	-	-	-	-	-	-	(126.45)	-	(126.45)
Restated balance as at January 1, 2020	-	3,846.22	4.38	-	807.77	11.39	2,117.71	11,776.34	226.06	18,789.87
Profit for the period	-	-	-	-	-	-	-	3,406.43	-	3,406.43
Other comprehensive income / (loss) (net of tax)	-	-	-	-	-	-	-	(121.16)	(58.21)	(179.37)
Total comprehensive income for the period	-	-	-	-	-	-	-	3,285.27	(58.21)	3,227.06
Cash dividend paid (including dividend tax)	-	-	-	-	-	-	-	(2,092.37)	-	(2,092.37)
Transfer from special economic zone reserve	-	-	-	(114.32)	-	-	-	114.32	-	-
Transfer to special economic zone reserve	-	-	-	114.32	-	-	-	(114.32)	-	-
Received / transferred on exercise of stock options	-	406.89	-	-	(406.89)	-	-	-	-	-
Compensation related to employee share based payments	-	-	-	-	323.20	-	-	-	-	323.20
As at September 30, 2020	-	4,253.11	4.38	-	724.08	11.39	2,117.71	12,969.24	167.85	20,247.76
Balances as at January 1, 2019	0.42	3,635.69	4.38	476.46	991.75	11.39	2,117.71	9,553.14	(14.86)	16,776.08
Profit for the period	-	-	-	-	-	-	-	3,756.06	-	3,756.06
Other comprehensive income / (loss) (net of tax)	-	-	-	-	-	-	-	21.24	170.49	191.73
Total comprehensive income for the period	-	-	-	-	-	-	-	3,777.30	170.49	3,947.79
Cash dividend paid (including dividend tax)	-	-	-	-	-	-	-	(2,334.91)	-	2,334.91
Transfer from special economic zone reserve	-	-	-	(416.96)	-	-	-	416.96	-	-
Transfer to special economic zone reserve	-	-	-	303.43	-	-	-	(303.43)	-	-
Received / transferred on exercise of stock options	(0.42)	201.47	-	-	(201.47)	-	-	-	-	0.42
Compensation related to employee share based payments	-	-	-	-	146.93	-	-	-	-	146.93
As at September 30, 2019	0.00	3,837.16	4.38	362.93	937.21	11.39	2,117.71	11,109.06	155.63	18,535.47

Hexaware Technologies Limited

Condensed Interim Standalone Statement Of Changes In Equity

for the nine months ended 30 September 2020

(Rupees Million)

B Other Equity (Continued)

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 condensed interim Standalone financial statements

As per our report of even date attached

For **B S R & Co. LLP**

Chartered Accountants

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

For and on behalf of the Board of Directors of

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(CIN : L72900MH1992PLC069662)

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Hexaware Technologies Limited

Condensed Interim Standalone Statement of Cash Flow

for the nine months ended 30 September 2020

(Rupees Million)

	For the nine months ended	
	30 September 2020	30 September 2019
Cash Flow from operating activities		
Net Profit before tax	4,176.02	4,497.56
Adjustments for:		
Depreciation and amortization expense	844.94	426.93
Employee stock option compensation cost	59.01	78.81
Interest income	(60.05) -	14.25
Allowance for doubtful debts (net of write back)	89.70	32.08
Debts and advances written off	6.85	-
Dividend from current investments	(0.58) -	3.32
Other income	(5.39)	-
Loss/(Profit) on sale of property, plant and equipments (PPE) and intangible assets (net)	(4.23) -	0.92
Exchange rate difference (net) - unrealised	2.82	0.56
Finance costs	-	0.19
Operating profit before working capital changes	5,109.09	5,017.64
Adjustments for:		
Trade receivables and other assets	(351.21)	(1,354.77)
Trade payables, other liabilities and provisions	563.51	(118.29)
Cash generated from operations	5,321.39	3,544.58
Direct taxes paid (net)	(612.46)	(827.12)
Net cash from operating activities	4,708.93	2,717.46
Cash flow from investing activities		
Purchase of PPE, Intangible assets and CWIP including advances	(683.81)	(751.89)
Interest received	59.65	15.33
Purchase of current investments	(300.58)	(635.04)
Proceeds from sale/ redemption of current Investments	300.58	736.32
Investment in subsidiaries	(10.67)	(401.17)
Dividend from current investments	0.58	3.32
Proceeds from sale of PPE	9.52	2.15
Net cash used in investing activities	(624.73)	(1,030.98)
Cash flow from financing activities		
Proceeds from issue of shares / share application money (net)	3.49	1.54
Payment of lease liabilities	(261.07)	-
Interest paid	162.31	(0.19)
Dividend paid (including corporate dividend tax)	-	(2,334.91)
Net cash used in financing activities	(95.27)	(2,333.56)
Net increase / (decrease) in cash and cash equivalents	3,988.93	(647.08)
Cash and cash equivalents at the beginning of the Period	670.22	1,320.47
Unrealised gain on foreign currency cash & cash equivalents	(2.82)	(0.56)
Cash and cash equivalents at the end of the Period	4,656.33	672.83
Closing cash and cash equivalents as per condensed interim Statement of cash flows	4,656.33	672.83
Less: Earmarked bank balance for dividend	(2,092.37)	-
Cash and cash equivalents as per condensed interim Balance Sheet (Refer Note 12A)	2,563.96	672.83

The accompanying notes 1 to 32 form an integral part of the condensed interim Standalone financial statements

As per our report of even date attached

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

For and on behalf of the Board of Directors of
Hexaware Technologies Limited
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Rajesh Mehra
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New Jersey
October 22, 2020

Hexaware Technologies Limited

Notes to the Condensed Interim Standalone Financial Statements

as at 30 September 2020

(Rupees Million)

1 Corporate Information

Hexaware Technologies Limited ("Hexaware" or "the Company") is a public limited company incorporated in India. The Company 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 Statement of compliance

The condensed interim Standalone financial statements have been prepared in accordance with generally accepted accounting principles in India including Ind AS 34 Interim Financial Reporting and using the same accounting policies as followed in the audited financial statements for the year ended on December 31, 2019 except in relation to lease as discussed in note 3 below. These condensed interim financial statements do not include all of the information required in annual financial statements and should be read in conjunction with the company's financial statements for the year ended December 31, 2019.

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Hexaware Technologies Limited

Notes to the Condensed Interim Standalone Financial Statements (Continued)

as at 30 September 2020

(Rupees Million)

3.1 Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located.

The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

The Company has elected not to apply the requirements of Ind AS 116 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an rent expense on a straight-line basis over the lease term

Company as a lessor

At the inception of the lease the Company classifies each of its leases as either an operating lease or a finance lease. The Company recognises lease payments received under operating leases as income on a straight- line basis over the lease term. In case of a finance lease, finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. When the Company is an intermediate lessor it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies Ind AS 115 Revenue to allocate the consideration in the contract.

Transition to Ind AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Company has adopted Ind AS 116 ("the Standard"), effective annual reporting period beginning January 1, 2020 and applied the standard to its leases using modified retrospective approach, with the cumulative effect of initially applying the Standard, recognised on the date of initial application (January 1, 2020). Accordingly, the Company has not restated comparative information, instead, the cumulative effect of initially applying this Standard has been recognised as an adjustment to the opening balance of retained earnings as on January 1, 2020.

Refer note 2.5 – Significant accounting policies – Leases in the Annual report of the Company for the year ended December 31, 2019, for the policy as per Ind AS 17.

In adopting Ind AS 116, the Company has adopted following practical expedient

- The Company has applied single discount rate to a portfolio of lease with reasonably similar characteristics.
- The Company has treated the leases with lease term of less than 12 months as if they were "short term leases" and also not applied Ind AS 116 to the low value assets
- The Company has excluded the initial direct costs from measurement of right- of- use- assets at the date of transition.
- The Company has used hindsight, in determining the lease term if the contract contains options to extend or terminate the lease.
- The Company has recognized the rent concessions granted by the lessor due to the COVID-19 in the statement of profit and loss and has not considered it as lease modification.

Hexaware Technologies Limited

Notes to the Condensed Interim Standalone Financial Statements (Continued)

as at 30 September 2020

(Rupees Million)

3.1 Leases (Continued)

On account of the aforesaid change, the Operations and other expenses is lower by Rs. 91.34 Million for the quarter ended September 30,2020 (Rs. 264.30 Million for the nine month ended September 30, 2020), Depreciation and amortization is higher by Rs. 70.24 Million for the quarter ended September 30, 2020 (Rs. 210.61 Million for the nine month ended September 30,2020) and Finance costs is higher by Rs. 52.19 Million for the quarter ended September 30, 2020 (Rs. 162.31 Million for the nine month ended September 30,2020).

Further, a right-of-use asset of Rs 2,942.78 Million and a corresponding lease liability of Rs 2,558.35 Million has been recognized. In respect of leases that were classified as finance leases, applying Ind AS 17 an amount of Rs 251.42 Million has been reclassified from property, plant and equipment to right-of-use asset. Prepaid rent on leasehold land, which were earlier classified under Other assets have been reclassified to right-of-use assets by Rs. 518.55 Million and an amount of Rs 0.17 Million in other current financial liabilities has been adjusted against right-of-use asset. The cumulative effect on transition in retained earnings net off taxes is Rs. 126.45 Million (net of deferred tax of Rs.26.05 Million). The principal portion of the lease payments have been disclosed under cash flow from financing activities. The lease payments for operating leases as per Ind AS 17 - Leases, were earlier reported under cash flow from operating activities except for short term leases where practical expedient has been applied. The weighted average incremental borrowing rate of 9.04% has been applied to lease liabilities recognised in the balance sheet at the date of initial application.

On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-to-use asset, and finance cost for interest accrued on lease liability.

The difference between the future minimum lease rental commitments towards non-cancellable operating leases and finance leases reported as at December 31, 2019 compared to the lease liability as accounted as at January 1, 2020 is primarily due to inclusion of present value of the lease payments for the cancellable term of the leases, reduction due to discounting of the lease liabilities as per the requirement of Ind AS 116 and exclusion of the commitments for the leases to which the Company has chosen to apply the practical expedient as per the standard.

The details of the right-of-use assets held by the Company is as follows:

	Office premises	Leasehold Land	Total
<u>COST</u>			
At January 1, 2020	2,675.64	518.55	3,194.19
Additions	-	-	-
Remeasurement	(101.13)	-	(101.13)
At September 30, 2020	<u>2,574.51</u>	<u>518.55</u>	<u>3,093.06</u>
<u>ACCUMULATED DEPRECIATION</u>			
At January 1, 2020	-	-	-
Charge for the period	210.28	4.65	214.93
Remeasurement	(14.96)	-	(14.96)
At September 30, 2020	<u>195.32</u>	<u>4.65</u>	<u>199.96</u>
<u>NET CARRYING AMOUNT</u>			
At September 30, 2020	<u>2,379.20</u>	<u>513.90</u>	<u>2,893.10</u>

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Hexaware Technologies Limited

Notes to the Condensed Interim Standalone Financial Statements (Continued)

as at 30 September 2020

(Rupees Million)

3.2 Ind AS 12 – Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability.

The above amendments are effective from the annual periods beginning January 1, 2020. The Company does not have any impact due to this amendment.

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Hexaware Technologies Limited

Notes to the Condensed Interim Standalone Financial Statements (Continued)

as at 30 September 2020

(Rupees Million)

4 Property, Plant and Equipment (PPE)

PPE consist of the following :

	Freehold Land	Buildings	Plant and Machinery	Furniture and Fixtures	Vehicles	Office Equipments	Leasehold Improvements	Total
<u>COST</u>								
At December 31, 2019	0.15	3,919.41	2,780.17	1,068.88	18.57	1,832.87	4.97	9,625.02
Transfer to ROU	-	(345.47)	-	-	-	-	-	(345.47)
At January 1, 2020	0.15	3,573.94	2,780.17	1,068.88	18.57	1,832.87	4.97	9,279.55
Additions	-	574.00	243.70	25.21	-	123.67	33.21	999.79
(Disposals) / Adjustments	-	-	(55.85)	(19.37)	-	6.52	-	(68.70)
At September 30, 2020	0.15	4,147.94	2,968.02	1,074.72	18.57	1,963.06	38.18	10,210.64
<u>ACCUMULATED DEPRECIATION</u>								
At December 31, 2019	-	421.35	1,869.25	558.84	13.95	1,038.82	4.96	3,907.17
Transfer to ROU	-	(94.05)	-	-	-	-	-	(94.05)
At January 1, 2020	-	327.30	1,869.25	558.84	13.95	1,038.82	4.96	3,813.12
Charge for the period	-	65.38	252.68	54.36	1.41	186.19	9.62	569.64
(Disposals) / adjustments	-	-	(58.46)	(0.18)	-	(4.44)	-	(63.08)
At September 30, 2020	-	392.68	2,063.47	613.02	15.36	1,220.57	14.58	4,319.68
<u>NET CARRYING AMOUNT</u>								
At September 30, 2020	0.15	3,755.26	904.55	461.70	3.21	742.49	23.60	5,890.96
<u>COST</u>								
At January 1, 2019	0.15	3,036.02	2,117.59	685.98	16.93	1,239.79	4.97	7,101.43
Additions	-	886.26	704.49	397.55	2.57	597.43	-	2,588.30
(Disposals) / adjustments	-	(2.87)	(41.91)	(14.65)	(0.93)	(4.35)	-	(64.71)
At December 31, 2019	0.15	3,919.41	2,780.17	1,068.88	18.57	1,832.87	4.97	9,625.02
<u>ACCUMULATED DEPRECIATION</u>								
At January 1, 2019	-	363.85	1,633.88	498.21	12.05	906.31	4.96	3,419.26
Charge for the year	-	57.92	275.47	75.28	2.83	136.48	-	547.98
(Disposals) / adjustments	-	(0.42)	(40.10)	(14.65)	(0.93)	(3.97)	-	(60.07)
At December 31, 2019	-	421.35	1,869.25	558.84	13.95	1,038.82	4.96	3,907.17
<u>NET CARRYING AMOUNT</u>								
At December 31, 2019	0.15	3,498.06	910.92	510.04	4.62	794.05	0.01	5,717.85

Note:

- Plant and machinery includes computer systems.
- Buildings as at December 31, 2019 includes office premises taken on finance lease of gross value of Rs. 345.47 million and net carrying value of Rs. 251.42 million which has been reclassified to right-of-use assets under IND AS 116.

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Hexaware Technologies Limited

Notes to the Condensed Interim Standalone Financial Statements (Continued)

as at 30 September 2020

(Rupees Million)

5 Other Intangible assets

Intangible assets consist of the following :

	Software Licences	Customer Contracts/Relations	Total
<u>COST</u>			
At January 1, 2020	633.87	21.02	654.89
Additions	31.61	-	31.61
Disposals	0.37	-	0.37
At September 30, 2020	<u>665.85</u>	<u>21.02</u>	<u>686.87</u>
<u>ACCUMULATED AMORTISATION</u>			
At January 1, 2020	548.49	3.50	551.99
Amortisation for the Period	44.25	16.13	60.38
Disposals	0.04	-	0.04
At September 30, 2020	<u>592.78</u>	<u>19.63</u>	<u>612.41</u>
<u>NET CARRYING AMOUNT</u>			
At September 30, 2020	<u>73.07</u>	<u>1.39</u>	<u>74.46</u>
<u>COST</u>			
At January 1, 2019	582.93	-	582.93
Additions	50.94	21.02	71.96
At December 31, 2019	<u>633.87</u>	<u>21.02</u>	<u>654.89</u>
<u>ACCUMULATED AMORTISATION</u>			
At January 1, 2019	490.06	-	490.06
Amortisation for the year	58.43	3.50	61.93
At December 31, 2019	<u>548.49</u>	<u>3.50</u>	<u>551.99</u>
<u>NET CARRYING AMOUNT</u>			
At December 31, 2019	<u>85.38</u>	<u>17.52</u>	<u>102.90</u>

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

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Hexaware Technologies Limited

Notes to the Condensed Interim Standalone Financial Statements (Continued)

as at 30 September 2020

(Rupees Million)

	As at 30 September 2020	As at 31 December 2019
6 Investments		
Non current investments in equity shares (unquoted)		
<u>Investments in equity instruments of subsidiaries (at cost)</u>		
30,026 common stock at no par value in Hexaware Technologies Inc., U.S.A.	1,632.68	1,632.68
2,167,000 shares of GBP 1/- each fully paid up in Hexaware Technologies UK Ltd.	154.64	154.64
500,000 shares of Singapore \$ 1/- each fully paid up in Hexaware Technologies Asia Pacific Pte. Ltd., Singapore	12.48	12.48
3,618 shares of face value Euro 50/- each fully paid up in Hexaware Technologies GmbH., Germany	7.57	7.57
1 common stock at no par value in Hexaware Technologies Canada Limited, Canada	0.73	0.73
1 participation share of no par value in Hexaware Technologies Mexico S De R.L. De C.V.	29.42	29.42
40 shares at no par value in Guangzhou Hexaware Information Technologies Company Limited, China ⁽¹⁾	-	2.00
Entire Share Capital in Hexaware Technologies Limited Liability Company, Russia ⁽²⁾	26.95	26.95
45,000 shares of SAR 10/- each in Hexaware Technologies Saudi LLC, Saudi Arabia	8.03	8.03
1,945,000 shares of HKD 1/- each in Hexaware Technologies Hong Kong Limited, Hong Kong	16.13	16.13
10000 shares of SEK 100/- each in Hexaware Technologies Nordic AB, Sweden	7.72	0.40
25 shares of USD 5000/- each in Hexaware Information Technologies (Shanghai) Company Limited.	9.06	3.71
10,292 Shares of INR 10/- each in Mobiquity Softech Pvt Ltd	401.17	401.17
	2,306.58	2,295.91
<u>Other Investments</u>		
<u>At fair value through other comprehensive income</u>		
240,958 equity shares of Rs. 10/- each in Beta Wind Farm Pvt. Ltd.	4.58	4.58
	2,311.16	2,300.49

Notes:

- 1 Net of provision for impairment in the value of investment of Rs.Nil (December 31, 2019 Rs. 11.14 Million)
- 2 Net of provision for impairment in the value of investment of Rs.121.65 Million (December 31, 2019 Rs. 121.65 Million)

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Hexaware Technologies Limited

Notes to the Condensed Interim Standalone Financial Statements (Continued)

as at 30 September 2020

(Rupees Million)

7 Income taxes

Components of deferred taxes:	30 September 2020	31 December 2019
Deferred tax assets		
Credit loss on trade receivables	54.44	22.53
Employee benefit obligations	179.70	100.04
Provision for severance pay	-	0.01
Minimum alternate tax credit carry forward	1,606.91	1,636.12
Unrealised loss on cash flow hedges	-	40.17
Leases	44.48	-
Total	1,885.53	1,798.87
Deferred tax liabilities		
Property, plant and equipments	266.58	249.80
Unrealised gain on cash flow hedges	44.25	-
Total	310.83	249.80
Net deferred tax asset	1,574.70	1,549.07

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Hexaware Technologies Limited

Notes to the Condensed Interim Standalone Financial Statements (Continued)

as at 30 September 2020

(Rupees Million)

	As at 30 September 2020	As at 31 December 2019
8 Loans-Security deposits(Unsecured, considered good)		
A <u>Non-current</u>		
Security deposits for premises and others (a)	<u>352.45</u>	<u>343.47</u>
B <u>Current</u>		
Security deposits for premises and others	<u>2.21</u>	<u>1.82</u>
(a) Excludes deposits aggregating Rs. 34.56 million (December 31, 2019 : Rs. 34.56 million) provided as doubtful of recovery basis the expected credit loss model as of September 30, 2020		
9 Other financial assets (unsecured) (considered good)		
A <u>Non-current</u>		
Interest accrued on bank deposits	0.32	0.26
Foreign currency derivative assets	106.46	49.90
Restricted bank balances (a)	6.63	8.08
	<u>113.41</u>	<u>58.24</u>
(a) Restriction on account of bank deposits held as margin money		
B <u>Current</u>		
Interest accrued on bank deposits	0.56	0.22
Foreign currency derivative assets	236.78	228.49
Others receivables from related parties (Refer note no. 25)	280.47	378.52
Employee advances	59.10	133.40
	<u>576.91</u>	<u>740.63</u>
10 Other assets (unsecured)		
A <u>Non-current</u>		
Capital advances	3.27	17.41
Prepaid expenses relating to leasehold land (Refer note 3.1)	-	527.64
Other prepaid expenses	11.05	12.56
Contract asset	62.14	95.11
Indirect taxes recoverable	125.42	124.56
	<u>201.88</u>	<u>777.28</u>
B <u>Current</u>		
Prepaid expenses	180.96	277.39
Contract asset	59.62	59.62
Indirect taxes recoverable	54.73	84.10
Others	9.47	18.53
	<u>304.78</u>	<u>439.64</u>

Hexaware Technologies Limited

Notes to the Condensed Interim Standalone Financial Statements (Continued)

as at 30 September 2020

(Rupees Million)

	As at 30 September 2020	As at 31 December 2019
11 Trade Receivables (unsecured)		
Considered good	8,424.19	6,543.12
Credit impaired	136.33	46.31
Less: Allowance for doubtful debts	(136.33)	(46.31)
	<u>8,424.19</u>	<u>6,543.12</u>
12 Cash and bank balances:		
A Cash and cash equivalents		
Remittance in transit	24.99	75.61
In current accounts with banks	2,439.92	554.16
Bank deposit accounts with less than 3 months maturity	99.05	40.45
Unclaimed dividend accounts	145.71	149.11
Margin money with banks	6.63	8.08
Less: Restricted bank balances	(152.34)	(157.19)
	<u>2,563.96</u>	<u>670.22</u>
B Other bank balances		
Restricted bank balances in respect of unclaimed dividend	145.71	149.11
	<u>145.71</u>	<u>149.11</u>

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Hexaware Technologies Limited

Notes to the Condensed Interim Standalone Financial Statements (Continued)

as at 30 September 2020

(Rupees Million, except per share data)

	As at 30 September 2020	As at 31 December 2019
13 Equity Share Capital		
13.1 Authorised capital		
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
13.2 Issued, subscribed and paid-up capital		
Equity shares of Rs. 2 each fully paid	<u>600.26</u>	<u>596.77</u>
13.3 Reconciliation of number of shares		
Shares outstanding at the beginning of the period	298,384,321	297,360,989
Shares issued during the period	1,747,478	1,023,332
Shares bought back during the period	-	-
Shares outstanding at the end of the period	<u>300,131,799</u>	<u>298,384,321</u>

13.4 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.

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

Name of Shareholder		As at 30 September 2020	As at 31 December 2019
HT Global IT Solutions Holdings Ltd. (Holding Company)	No. of shares held	186,318,590	186,318,590
	% of holding	62.08%	62.44%
HT Global Holdings B.V.	No. of shares held	87,286,523	-
	% of holding	29.08%	-
HDFC Trustee Company Limited	No. of shares held	-	19,927,531
	% of holding	-	6.68%

13.6 During the quarter ended September 30, 2020, HT GLOBAL HOLDINGS B.V., subsidiary of HT Global IT Solutions Holdings Limited (hereinafter referred together as "Promoter Group") acquired 87,286,523 equity shares, representing 29.08% of total share capital of the Company from the Public shareholders under the voluntary delisting offer under the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 as amended from time to time. As a result of aforesaid acquisition, the aggregate shareholding of the Promoter Group stands at 91.16% in the Company as at September 30, 2020. The Company on October 19, 2020 has received the final approval of the stock exchanges (BSE and NSE) inter alia confirming that the shares of the Company shall cease to be listed from November 09, 2020.

13.7 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.

13.8 Shares reserved for issue under options

The Company has granted employee stock options under ESOP 2007 and 2008 schemes and restricted stock (RSU's) under the ESOP 2008 and 2015 scheme. Each option / RSU entitles the holder to one equity share of Rs. 2 each. 5,213,207 options/ RSU's were outstanding as on September 30, 2020 (7,824,439 options as on December 31, 2019)

13.9 The dividend per share recognised as distribution to equity shareholders during the period ended September 30, 2020 was Rs.7.00 per share (Period ended September 30, 2019 was Rs.6.50 per share and year ended December 31 2019 was Rs.8.50 per share).

Hexaware Technologies Limited

Notes to the Condensed Interim Standalone Financial Statements (Continued)

as at 30 September 2020

(Rupees Million)

	As at 30 September 2020	As at 31 December 2019
14 Other financial liabilities		
A Non-current		
Capital creditors	-	1.17
Derivative liabilities	8.99	31.40
Accrued expenses	2.30	2.18
	<u>11.29</u>	<u>34.75</u>
B Current		
Unclaimed dividend	145.71	149.11
Capital creditors	89.61	349.77
Employee liabilities	848.20	512.62
Derivative liabilities	25.49	66.79
	<u>1,109.01</u>	<u>1,078.29</u>
15 Dues of other than micro enterprises and small enterprises		
Trade and other payables	293.60	350.71
Accrued expenses	972.37	535.55
	<u>1,265.97</u>	<u>886.26</u>
16 Other liabilities		
A Non-Current		
Unearned revenues	17.75	16.90
	<u>17.75</u>	<u>16.90</u>
B Current		
Unearned revenues	17.14	75.78
Statutory liabilities	228.21	223.02
	<u>245.35</u>	<u>298.80</u>

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Hexaware Technologies Limited

Notes to the Condensed Interim Standalone Financial Statements (Continued)

for the quarter and nine months ended 30 September 2020

(Rupees Million)

	For the quarter ended		For the nine months ended	
	30 September 2020	30 September 2019	30 September 2020	30 September 2019
17.1	Disaggregated revenue by nature			
Revenue from contracts with customers	6,413.18	5,557.64	17,790.20	15,678.09
Other operating revenue	49.50	-	124.52	-
Total revenue from operations	6,462.68	5,557.64	17,914.72	15,678.09
17.2	The disaggregated revenue with the customers by contract type:			
Offshore	73.05%	92.16%	78.51%	90.89%
Onshore	26.95%	7.84%	21.49%	9.11%
Total revenue from operations	100%	100%	100%	100%
17.3	The Company's primary source of revenue is from customers in Americas region (primarily USA) and Europe region.			
Americas	4,271.50	3,939.37	11,946.71	10,521.48
Europe	1,017.79	646.22	2,710.59	1,989.01
APAC	1,173.39	972.05	3,257.41	3,167.60
Total revenue from operations	6,462.68	5,557.64	17,914.72	15,678.09

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Hexaware Technologies Limited

Notes to the Condensed Interim Standalone Financial Statements (Continued)

for the quarter and nine months ended 30 September 2020

(Rupees Million)

	For the quarter ended		For the nine months ended	
	30 September 2020	30 September 2019	30 September 2020	30 September 2019
18 Other income				
Dividend from mutual funds	-	1.07	0.58	3.32
Interest income	26.40	11.62	60.05	14.25
(Loss) / profit on sale of property, plant and equipment (net)	3.81	(0.42)	4.23	0.92
Miscellaneous income	(0.06)	1.84	7.44	6.53
	30.15	14.11	72.30	25.02
19 Software and development expenses				
Other expenses	47.14	78.28	272.13	205.91
Software expenses *	542.58	109.84	771.37	648.48
	589.72	188.12	1,043.50	854.39
* includes sub- contracting charges	473.78	109.07	677.97	298.02
20 Employee benefits expense				
Salary and allowances	3,330.29	2,694.00	9,404.31	7,396.74
Contribution to provident and other funds	204.32	170.60	588.89	474.21
Staff welfare expenses	45.20	119.74	263.81	328.63
Employee stock option compensation cost	6.30	20.39	59.01	78.81
	3,586.11	3,004.73	10,316.02	8,278.39
21 Operation and other expenses				
Rent (Refer note 3.1)	(6.44)	83.92	0.94	207.60
Rates and taxes	4.05	7.44	21.18	20.86
Travelling and conveyance	21.16	130.50	118.24	363.55
Electricity charges	37.29	82.39	132.58	221.62
Communication expenses	59.07	59.08	168.11	153.65
Repairs and maintenance	129.72	99.28	393.72	282.86
Printing and stationery	3.18	10.40	14.69	33.26
Payment to auditors	2.92	4.42	10.55	12.27
Legal and professional fees	66.67	34.90	179.44	107.96
Advertisement and business promotion	43.89	26.72	91.73	84.80
Bank and other charges	2.48	1.98	8.04	6.27
Directors' sitting fees	0.20	0.30	0.84	1.24
Insurance charges	7.20	3.16	24.75	16.64
Debts and advances written off	6.70	-	6.85	-
Allowance for doubtful debts (net of write back)	56.42	18.59	89.70	32.08
Staff recruitment expenses	15.11	31.02	63.30	89.01
Service charges	40.31	59.97	164.54	166.81
(Gains)/losses on redemption of Investments	2.00	-	2.00	-
Miscellaneous expenses	65.42	49.59	136.73	83.17
	557.35	703.66	1,627.93	1,883.65
22 Finance costs				
Interest on borrowings	22.19	-	59.17	-
Interest on lease liabilities	52.19	-	162.31	-
Interest on others	2.19	0.10	8.15	0.19
	76.57	0.10	229.63	0.19

Hexaware Technologies Limited

Notes to the Condensed Interim Standalone Financial Statements (Continued)

as at 30 September 2020

(Rupees Million)

23 Financial Instruments

23.1 The carrying value / fair value of financial instruments by categories is as follows:

September 30, 2020	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	2,563.96	-	-	-	2,563.96
Other bank balances	145.71	-	-	-	145.71
Trade receivables	8,424.19	-	-	-	8,424.19
Unbilled receivables	1,343.56	-	-	-	1,343.56
Loans-Security deposits	354.66	-	-	-	354.66
Other financial assets	347.08	-	-	343.24	690.32
Investments in equity shares	-	-	4.58	-	4.58
	<u>13,179.16</u>	<u>-</u>	<u>4.58</u>	<u>343.24</u>	<u>13,526.98</u>
Trade payables	1,265.97	-	-	-	1,265.97
Other financial liabilities	1,085.82	-	-	34.48	1,120.30
Lease Liabilities	2,368.03	-	-	-	2,368.03
	<u>4,719.82</u>	<u>-</u>	<u>-</u>	<u>34.48</u>	<u>4,754.30</u>

December 31, 2019	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	670.22	-	-	-	670.22
Other bank balances	149.11	-	-	-	149.11
Trade receivables	6,543.12	-	-	-	6,543.12
Unbilled receivables	1,947.56	-	-	-	1,947.56
Loans-Security deposits	345.29	-	-	-	345.29
Other financial assets	520.48	-	-	278.39	798.87
Investments in equity shares	-	-	4.58	-	4.58
	<u>10,175.78</u>	<u>-</u>	<u>4.58</u>	<u>278.39</u>	<u>10,458.75</u>
Trade payables	886.26	-	-	-	886.26
Other financial liabilities	1,014.85	-	-	98.19	1,113.04
Lease Liabilities	-	-	-	-	-
	<u>1,901.11</u>	<u>-</u>	<u>-</u>	<u>98.19</u>	<u>1,999.30</u>

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

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Hexaware Technologies Limited

Notes to the Condensed Interim Standalone Financial Statements (Continued)

as at 30 September 2020

(Rupees Million)

23 Financial Instruments (Continued)

23.2 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:

<u>September 30, 2020</u>	Level I	Level II	Level III	Total
Mutual fund units	-	-	-	-
Investments in equity shares	-	-	4.58	4.58
Derivative financial assets	-	343.24	-	343.24
	-	343.24	4.58	347.82
Derivative financial liabilities	-	34.48	-	34.48

<u>December 31, 2019</u>	Level I	Level II	Level III	Total
Mutual fund units	-	-	-	-
Investments in equity shares	-	-	4.58	4.58
Derivative financial assets	-	278.39	-	278.39
	-	278.39	4.58	282.97
Derivative financial liabilities	-	98.19	-	98.19

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.

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Hexaware Technologies Limited

Notes to the Condensed Interim Standalone Financial Statements (Continued)

as at 30 September 2020

(Rupees Million)

23 Financial Instruments (Continued)

23.3 Financial risk management

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

Currency hedged (Sell contracts)	30 September 2020	31 December 2019
USD	214.12	212.02
Euro	5.10	6.60
GBP	13.24	13.60

The weighted average forward rate for the hedges outstanding as at September 30, 2020 is Rs. 77.87, Rs.90.47 and Rs. 100.62 (As at December 31, 2019 Rs. 74.85, Rs. 89.02 and Rs. 99.14) for USD, Euro and GBP, respectively. The hedges mature over the eight quarters.

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Hexaware Technologies Limited

Notes to the Condensed Interim Standalone Financial Statements (Continued)

as at 30 September 2020

(Rupees Million)

23 Financial Instruments (Continued)

23.4 Financial risk management

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

	For the period ended	
	30 September 2020	30 September 2019
Balance at the beginning of the period	226.06	(14.86)
Net gains transferred to statement of profit or loss on occurrence of forecasted hedge transaction	38.78	(123.03)
Changes in the fair value of the effective portion of outstanding cash flow hedges	(12.57)	337.19
Deferred tax	(84.42)	(43.67)
Balance at the end of the period	<u>167.85</u>	<u>155.63</u>

There were no material hedge ineffectiveness for the nine months ended September 30, 2020 and September 30, 2019.

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Hexaware Technologies Limited

Notes to the Condensed Interim Standalone Financial Statements (Continued)

for the quarter and nine months ended 30 September 2020

(Rupees Million)

24 Earnings per share

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

	For the Quarter ended		For nine month ended	
	30 September 2020	30 September 2019	30 September 2020	30 September 2019
Net profit after tax (Rupees Million)	1,126.34	1,427.27	3,406.43	3,756.06
Weighted average outstanding equity shares considered for basic EPS (Nos.)	299,670,957	298,199,982	298,903,177	297,929,332
Basic earnings per share (In Rupees)	3.76	4.79	11.40	12.61
Weighted average outstanding equity shares considered for basic EPS (Nos.)	299,670,957	298,199,982	298,903,177	297,929,332
Add : Effect of dilutive issue of stock options (Nos.)	3,170,261	4,389,461	3,813,314	4,326,264
Weighted average outstanding equity shares considered for diluted EPS (Nos.)	302,841,218	302,589,443	302,716,492	302,255,596
Diluted earnings per share (In Rupees)	3.72	4.72	11.25	12.43
Par value per share	2.00	2.00	2.00	2.00

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Hexaware Technologies Limited

Notes to the Condensed Interim Standalone Financial Statements (Continued)

for the quarter and nine months ended 30 September 2020

(Rupees Million)

25 Related party disclosures

Name of the Related Parties	Country
Ultimate Holding company and its Subsidiaries	
Baring Private Equity Asia GP V, LP (ultimate holding entity) (control exists)	Cayman Island
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
HT Global Holdings B.V.	Netherlands
Subsidiaries	
Hexaware Technologies Inc.	United States of America
Hexaware Technologies UK Ltd.	United Kingdom
Hexaware Technologies Asia Pacific Pte. Ltd.	Singapore
Hexaware Technologies GmbH.	Germany
Hexaware Technologies Canada Ltd.	Canada
Hexaware Technologies, Mexico S. De. R.L. De. C.V.	Mexico
Guangzhou Hexaware Information Technologies Company Limited ⁽⁷⁾	China
Hexaware Technologies LLC	Russia
Hexaware Technologies Saudi LLC	Saudi Arabia
Hexaware Technologies Romania SRL ⁽¹⁾	Romania
Hexaware Technologies Hong Kong Limited	China
Hexaware Technologies Nordic AB	Sweden
Hexaware Information Technologies (Shanghai) Company Limited	China
Mobiquity Inc ⁽²⁾	USA
Mobiquity Velocity Solutions, Inc ⁽³⁾	USA
Mobiquity Velocity Cooperative UA ⁽³⁾	Netherland
Mobiquity BV ⁽⁴⁾	Netherland
Morgan Clark BV ⁽⁴⁾	Netherland
Mobiquity Softech Private Limited ⁽⁵⁾	India
Montana Merger Sub Inc. ⁽⁶⁾	USA
Hexaware Technologies South Africa (Pty) Ltd ⁽⁸⁾	South Africa
Associate	
Experis Technology Solutions Pte Ltd ⁽⁹⁾	Singapore
Key Management Personnel (KMP)	
Executive Director and CEO	
Mr. R Srikrishna	
Non-executive directors	
Mr. Atul K Nishar	
Mr. Jimmy Mahtani	
Mr. Kosmas Kalliarekos	
Mr. Dileep Choksi (Retired on October 16, 2019)	
Mr. Bharat Shah (Retired on October 16, 2019)	
Mr. P R Chandrasekar	
Ms. Meera Shankar (Retired on April 10, 2020)	
Christian Oecking (Retired on June 25, 2019)	
Basab Pradhan (Retired on June 8, 2019)	
Milind Shripad Sarwate (w.e.f. April 25 2020)	
Ms. Madhu Khatri (w.e.f. April 25 2020)	
Rajeev Kumar Mehta (w.e.f. October 05, 2020)	
Notes:	
1. Subsidiary of Hexaware Technologies UK Ltd.	
2. Acquired on 13th June 2019, Subsidiary of Hexaware Technologies Inc.	
3. Subsidiary of Mobiquity Inc.	
4. Subsidiary of Mobiquity Velocity Cooperative UA	
5. Acquired on 13th June 2019, Subsidiary of Hexaware Technologies Limited	
6. Formed on June 7, 2019 as subsidiary of Hexaware Technologies Inc and merged with Mobiquity Inc, on June 13, 2019	
7. Closed on August 31, 2020	
8. Formed on November 25, 2019, Subsidiary of Hexaware Technologies UK Ltd	
9. Associate of Hexaware Technologies Asia Pacific Pte Ltd .	

Hexaware Technologies Limited

(Rupees Million)

Notes to the Condensed Interim Standalone Financial Statements (Continued)

for the quarter and nine months ended 30 September 2020

25 Related party disclosures

Details of transactions and balances with party wise details for transactions in excess of 10% of the total transactions

Nature of transactions	Name of the Related party and Relationship	For the Quarter ended		For the nine months ended	
		30 September 2020	30 September 2019	30 September 2020	30 September 2019
Investment made	Subsidiaries				
	Mobiquity Sofitech Private Limited	-	-	-	401.17
	Hexaware Information Technologies (Shanghai) Company Limited	-	-	5.35	-
	Hexaware Technologies Nordic AB	-	-	7.32	-
		-	-	12.67	401.17
Corporate Guarantee Given	Subsidiaries				
	Hexaware Technologies Inc.	-	-	-	7661.22
		-	-	-	7661.22
Impairment in value of Investment	Subsidiaries				
	Guangzhou Hexaware Information Technologies Company Limited	2.00	-	2.00	-
		2.00	-	2.00	-
Software and consultancy income	Subsidiaries				
	Hexaware Technologies Inc.	11.06	2,744.33	2,112.08	7413.74
	Hexaware Technologies UK Ltd.	792.75	431.63	2,050.89	1401.05
	Others	279.42	153.57	674.97	478.31
		1,083.23	3,329.53	4,837.94	9,293.10
	Associate				
Experis Technology Solutions Pte Ltd	44.84	44.74	123.02	120.18	
		44.84	44.74	123.02	120.18
Software and development expenses - subcontracting charges	Subsidiaries				
	Hexaware Technologies Inc.	358.20	41.91	463.82	91.47
	Hexaware Technologies Canada Ltd	11.19	-	18.26	-
	Others	5.59	-	9.52	1.13
		374.98	41.91	491.60	92.60
Reimbursement of cost to	Subsidiaries				
	Hexaware Technologies UK Ltd.	-	3.06	3.70	20.86
	Hexaware Technologies Inc.	1.60	0.73	3.48	7.85
	Hexaware Technologies, Mexico S. De. R.L. De. C.V.	0.23	1.94	0.23	2.47
	Others	-	0.27	0.72	0.59
		1.83	6.00	8.13	31.77
Recovery of cost from	Subsidiaries				
	Hexaware Technologies Inc.	120.28	115.83	236.75	300.37
	Hexaware Technologies UK Ltd.	29.01	81.62	141.75	249.65
	Mobiquity Inc.	28.57	-	87.74	-
	Others	7.99	32.11	35.68	78.73
		185.85	229.56	501.92	628.75
Corporate Guarantee Charges	Subsidiaries				
	Hexaware Technologies Inc.	3.06	11.47	12.92	11.47
		3.06	11.47	12.92	11.47
Remuneration to KMP	Short term employee benefits	0.83	1.35	3.72	3.59
	Post employee benefits	0.03	0.03	0.10	0.09
	Share based payment	14.88	12.00	41.73	38.27
	Commission and other benefits to non-executive directors	5.63	7.39	14.91	27.96
		21.37	20.77	60.46	69.91
Notes					
Provision is made for the commission for the period ended September 30, 2020, payment of which is subject to adequacy of profits to be determined annually.					

Hexaware Technologies Limited

(Rupees Million)

Notes to the Condensed Interim Standalone Financial Statements (Continued)

for the quarter and nine months ended 30 September 2020

25 Related party disclosures (Continued)

Outstanding Balances

Name of the Related party and Relationship	As at September 30, 2020	As at December 31, 2019
Subsidiaries		
Investment in equity (Including share application money) (Refer note no 6)	2,306.58	2,295.91
Trade and other receivable		
- Hexaware Technologies Inc	3,881.65	5,137.53
- Hexaware Technologies UK Ltd	1,442.71	900.60
- Others	495.34	101.64
	5,819.70	6,139.77
Trade payable - towards services and reimbursement of cost		
- Hexaware Technologies Inc	459.23	103.78
- Hexaware Technologies UK Ltd	37.06	22.59
- Others	31.70	9.53
	527.99	135.90
Corporate Gaurantee		
- Hexaware Technologies Inc	8,188.47	7,923.74
	8,188.47	7,923.74
Trade receivable from Associate	39.53	57.67
Payable to / Provision for KMP's	12.03	16.52

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Hexaware Technologies Limited

Notes to the Condensed Interim Standalone Financial Statements (Continued)

as at 30 September 2020

(Rupees Million)

26 Segments

As per Ind AS 108 on "Operating Segments", segment reporting information has been provided under the notes to the condensed interim consolidated financial statements.

27 Contingent liabilities and commitments

27.1 Contingent liabilities

a. Claims not acknowledged as debt Rs. 28.14 million (Rs 28.14 million as at December 31, 2019), being a claim from landlord of a premise occupied by the company in an earlier year. The company is confident of successfully contesting the aforesaid matter and does not expect any outflow on this count.

b. Claims for taxes on income where company is in appeal

Income tax demands of Rs. 9.59 million (Rs. 9.59 million as on December 31, 2019) have been raised in respect of assessments completed in earlier year, arising from certain disallowances by the Income tax authorities. The company has appealed against the orders and based on merit, expects favourable outcome. Accordingly, no provision against such demand is considered necessary.

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

28 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.

29 COVID pandemic:

The Company has assessed the impact on the recoverability of the receivables (including unbilled) and other current and non-current assets including goodwill considering both internal and external information available till date. It has also assessed, the probability of occurrence of forecasted transactions in the hedging relations, credit risk of the counter party to the derivative contracts and banks. The Company, based on the analysis on assumption used, believes that the carrying value of these assets are recoverable. Considering the fact that the global situation is evolving day by day with new facts and numbers, the economic impact of pandemic could be different from the estimated till date by the management. The management is continuously monitoring the material changes.

30 The Indian government has recently promulgated the Code on Social Security, 2020 ("Code") relating to various employee benefits including post-employment benefits. The effective date of the said Code is yet to be notified and rules for quantifying the financial impact are yet to be framed. The impact shall be assessed once the relevant rules thereunder are prescribed and it shall be recorded in the financial statements once the Code becomes effective

31 Material events after Balance Sheet date

There is no significant event after reporting date which requires adjustments or disclosure to the condensed interim standalone financial statements except as disclosed in note 13.6

32 Approval of financial statements

The financial statements were approved for issue by the Board of Directors on October 22, 2020.

As per our report of even date

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

For and on behalf of the Board of Directors of
Hexaware Technologies Limited
(CIN : L72900MH1992PLC069662)

Rajesh Mehra
(Partner)
Membership No : 103145
Mumbai
October 22, 2020

Vikash Kumar Jain
Chief Financial Officer
Mumbai
October 22, 2020

Milind Sarwate
Director
DIN 00109854
Mumbai
October 22, 2020

R. Srikrishna
CEO & Executive Director
DIN 03160121
New Jersey
October 22, 2020