

# **Independent Auditor's Report**

## **To the Board of Directors of Hexaware Technologies Limited**

### **Report on the Audit of the Condensed Interim Consolidated Financial Statements**

#### **Opinion**

We have audited the condensed interim consolidated financial statements of Hexaware Technologies Limited (hereinafter referred to as the “Holding Company”) and its subsidiaries (Holding Company and its subsidiaries together referred to as “the Group”) and its associate, (listed in Annexure 1), which comprise the condensed consolidated balance sheet as at 30 September 2020, and the condensed consolidated statement of profit and loss (including other comprehensive income) for the quarter and year-to-date period then ended, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the year-to-date period then ended, and notes to the condensed interim consolidated financial statements, including a summary of significant accounting policies (hereinafter referred to as “the condensed interim consolidated financial statements”) and other explanatory information as required by Indian Accounting Standard (“Ind AS”) 34 “Interim Financial Reporting” and other accounting principles generally accepted in India.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid condensed interim consolidated financial statements give a true and fair view in conformity with Ind AS 34 and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associate as at 30 September 2020, of its consolidated profit and other comprehensive income for the quarter and year-to-date period then ended, consolidated changes in equity and its consolidated 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 Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (“ICAI”), and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Act. 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 Director’s Responsibilities for the Condensed Interim Consolidated Financial Statements**

The Holding Company’s Management and Board of Directors are responsible for the preparation and presentation of these condensed interim consolidated financial statements that give a true and fair view of the consolidated state of affairs, consolidated profit / loss and other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group including its associate in accordance with Ind AS 34 prescribed under Section 133 of the Act and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and of 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 accuracy and completeness of the

## **Independent Auditor's Report (*Continued*)**

### **Hexaware Technologies Limited**

#### **Management's and Board of Director's Responsibilities for the Condensed Interim Consolidated Financial Statements (*Continued*)**

accounting records, relevant to the preparation and presentation of the condensed interim 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 condensed interim consolidated financial statements by the Management and the Directors of the Holding Company, as aforesaid.

In preparing the condensed interim consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group and of its associate are responsible for assessing the ability of each company 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 respective Board of Directors of the companies included in the Group and of its associate are responsible for overseeing the financial reporting process of the Group and of its associate.

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

Our objectives are to obtain reasonable assurance about whether the condensed interim consolidated 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 consolidated 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 consolidated 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 appropriateness of this assumption. 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 consolidated financial statements or, if such disclosures are

## **Independent Auditor's Report (*Continued*)**

### **Hexaware Technologies Limited**

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

inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.

However, future events or conditions may cause the Group and its associate to cease to continue as a going concern;

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

We communicate with those charged with governance of the Holding Company and such other entities included in the condensed interim consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

#### **Other Matters**

1. (a) We did not audit the financial statements of sixteen subsidiaries, whose condensed interim financial statements reflect total assets (before consolidation adjustments) of Rs. 11,837.53 million as at 30 September 2020, total revenues (before consolidation adjustments) of Rs. 4,781.71 million for quarter ended 30 September 2020 and Rs 14,050.94 million for the year-to-date period ended 30 September 2020 and net cash flows (before consolidation adjustments) amounting to Rs. 1,849.27 million for the year-to-date period ended on that date, as considered in the condensed interim consolidated financial statements. These condensed interim financial statements have been audited by other auditors whose reports have been furnished to us by the Management of the Holding Company and our opinion on the condensed interim consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on the audit reports of the other auditors.

## **Independent Auditor's Report (*Continued*)**

### **Hexaware Technologies Limited**

#### **Other Matters (*Continued*)**

- (b) The financial information of two subsidiaries, whose condensed interim financial information reflect total assets (before consolidation adjustments) of Rs. 0.06 million as at 30 September 2020, total revenues (before consolidation adjustments) of Rs Nil for the quarter ended 30 September 2020 and Rs. Nil for the year-to-date period ended 30 September 2020 and net cash flows (before consolidation adjustments) amounting to Rs. 0.00 million for the year-to-date period ended on that date, as considered in the condensed interim consolidated financial statements, have not been audited either by us or by other auditors. The condensed interim consolidated financial statements also include the Group's share of net profit (and other comprehensive income) of Rs. 4.09 million for the quarter ended 30 September 2020 and Rs. 6.76 million for the year-to-date period ended 30 September 2020, as considered in the condensed interim consolidated financial statements, in respect of one associate, whose condensed interim financial information have not been audited by us or by other auditors. These unaudited condensed interim financial information have been furnished to us by the Board of Directors of the Holding Company and our opinion on the condensed interim consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associate, is based solely on such unaudited condensed interim financial information. In our opinion and according to the information and explanations given to us by the Board of Directors, these condensed interim financial information are not material to the Group.

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

**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: 20103145AAAACZ1957

## Independent Auditor's Report (*Continued*)

# Hexaware Technologies Limited

### Annexure I: List of entities consolidated

Sr No.	Name of the Entity	Country of Incorporation
<b>Subsidiaries</b>		
1	Hexaware Technologies Inc.	United States of America
2	Hexaware Technologies, Mexico S. De. R.L. De. C.V.	Mexico
3	Hexaware Technologies UK Limited	United Kingdom
4	Hexaware Technologies Asia Pacific Pte Limited	Singapore
5	Hexaware Technologies GmbH.	Germany
6	Hexaware Technologies Canada Limited	Canada
7	Guangzhou Hexaware Information Technologies Company Limited (closed on 31 August 2020)	China
8	Hexaware Technologies LLC	Russia
9	Hexaware Technologies Saudi LLC	Saudi Arabia
10	Hexaware Technologies Romania SRL (Subsidiary of Hexaware Technologies UK Ltd)	Romania
11	Hexaware Technologies Hong Kong Limited	China
12	Hexaware Technologies Nordic AB	Sweden
13	Hexaware Information Technologies (Shanghai) Company Limited	China
14	Mobiquity Inc (Subsidiary of Hexaware Technologies Inc., Acquired on 13 June 2019)	United States of America
15	Mobiquity Velocity Solutions, Inc (Subsidiary of Mobiquity Inc.)	United States of America
16	Mobiquity Velocity Cooperative UA ((Subsidiary of Mobiquity Inc.)	Netherland
17	Mobiquity BV (Subsidiary of Mobiquity Velocity Cooperative UA)	Netherland
18	Morgan Clark BV (Subsidiary of Mobiquity Velocity Cooperative UA)	Netherland
19	Mobiquity Softech Private Limited (Subsidiary of Hexaware Technologies Limited, Acquired on 13 June 2019)	India
20	Montana Merger Sub Inc. (Formed on 7 June 2019 as subsidiary of Hexaware Technologies Inc and merged with Mobiquity Inc. on 13 June 2019)	United States of America
21	Hexaware Technologies South Africa (Pty) Ltd (formed on 25 November 2019, Subsidiary of Hexaware Technologies UK Ltd)	South Africa
<b>Associate</b>		
1	Experis Technology Solutions Pte. Ltd. (20% ownership interest by Hexaware Technologies Asia Pacific Pte Limited.)	Singapore

# Hexaware Technologies Limited

## Condensed Interim Consolidated Balance Sheet

as at 30 September 2020

(Rupees Million)

	<i>Note</i>	As at 30 September 2020	As at 31 December 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	6,175.36	6,068.90
Capital work-in-progress		269.05	863.32
Right of use assets	3.1	4,284.64	-
Goodwill	6	12,159.35	11,760.88
Other intangible assets	7	2,467.63	2,545.64
Financial assets			
- Investments	8A	36.75	29.99
- Loans - Security deposits	9A	427.37	412.00
- Other financial assets	10A	179.25	113.37
Deferred tax assets (net)	11	1,794.18	1,437.20
Income tax assets (net)		354.05	380.14
Other non-current assets	12A	246.24	823.91
<b>Total non-current assets</b>		<b>28,393.87</b>	<b>24,435.35</b>
<b>Current assets</b>			
Financial assets			
- Trade receivables	13	8,833.89	9,795.61
- Unbilled receivables		3,575.36	3,535.47
- Cash and cash equivalents	14A	9,287.30	2,316.43
- Other bank balances	14B	145.71	149.11
- Loans - Security deposits	9B	7.38	7.66
- Other financial assets	10B	314.31	331.44
Income tax assets (net)		22.21	131.95
Other current assets	12B	716.67	984.38
<b>Total current assets</b>		<b>22,902.83</b>	<b>17,252.05</b>
<b>Total assets</b>		<b>51,296.70</b>	<b>41,687.40</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share capital	15	600.26	596.77
Other Equity		30,115.60	27,057.86
<b>Total equity</b>		<b>30,715.86</b>	<b>27,654.63</b>
<b>Non-current liabilities</b>			
Financial Liabilities			
- Borrowings	32	1,475.40	1,429.46
- Lease liabilities	3.1	3,482.39	-
- Other financial liabilities	16A	184.47	44.82
Other non current liabilities	18A	361.59	-
Provisions - Employee benefit obligations in respect of gratuity and others		728.85	428.40
<b>Total non-current liabilities</b>		<b>6,232.70</b>	<b>1,902.68</b>
<b>Current liabilities</b>			
Financial Liabilities			
- Borrowings (secured)	32	2,434.41	1.27
- Lease liabilities	3.1	449.54	-
- Trade payables		13.47	-
(i) Dues of micro enterprises and small enterprises		13.47	-
(ii) Dues of other than micro enterprises and small enterprises	17	3,991.62	3,949.15
- Other financial liabilities	16B	4,282.12	6,207.82
Other current liabilities	18B	1,348.10	955.93
Provisions			
- Employee benefit obligations in respect of compensated absences and others		1,341.58	824.76
Income tax liabilities (net)		487.30	191.16
<b>Total current liabilities</b>		<b>14,348.14</b>	<b>12,130.09</b>
<b>Total liabilities</b>		<b>20,580.84</b>	<b>14,032.77</b>
<b>Total equity and liabilities</b>		<b>51,296.70</b>	<b>41,687.40</b>

# Hexaware Technologies Limited

## Condensed Interim Consolidated Balance Sheet (*Continued*)

as at 30 September 2020

(Rupees Million)

The accompanying notes 1 to 35 form an integral part of the condensed interim consolidated 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

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# Hexaware Technologies Limited

## Condensed Interim Consolidated Statement of Profit and Loss

for the quarter and nine months ended 30 September 2020

(Rupees Million, except EPS)

		For the quarter ended		For the nine months ended	
	Note	30 September 2020	30 September 2019	30 September 2020	30 September 2019
<b>INCOME</b>					
Revenue from operations	28	15,859.09	14,813.47	46,967.85	40,537.01
Exchange rate difference (net)		(98.12)	197.59	264.72	188.89
Other income	19	34.85	6.17	72.15	81.54
<b>Total income</b>		<b>15,795.82</b>	<b>15,017.23</b>	<b>47,304.72</b>	<b>40,807.44</b>
<b>EXPENSES</b>					
Software and development expenses	20	2,714.63	2,898.09	8,398.51	8,824.98
Employee benefits expense	21	9,359.48	8,197.03	27,642.62	21,830.63
Finance costs	23	132.69	33.87	398.55	43.84
Depreciation and amortisation expense	3.1, 5, 7	574.52	324.27	1,728.90	678.02
Operation and other expenses	22	1,010.45	1,340.54	3,103.07	3,498.66
<b>Total expenses</b>		<b>13,791.77</b>	<b>12,793.80</b>	<b>41,271.65</b>	<b>34,876.13</b>
<b>Profit before share in profit of associate, exceptional item and tax</b>		<b>2,004.05</b>	<b>2,223.43</b>	<b>6,033.07</b>	<b>5,931.31</b>
Share in profit of associate (Net of tax)		4.09	0.65	6.76	2.12
<b>Profit before exceptional item and tax</b>		<b>2,008.14</b>	<b>2,224.08</b>	<b>6,039.83</b>	<b>5,933.43</b>
Exceptional item - Acquisition related costs		-	0.00	-	169.55
<b>Profit before tax</b>		<b>2,008.14</b>	<b>2,224.08</b>	<b>6,039.83</b>	<b>5,763.88</b>
Tax expense					
- Current tax		560.23	370.72	1,473.49	1,172.91
- Deferred tax charge/(credit)		(179.05)	16.22	(334.77)	(144.47)
Total tax expense		381.18	386.94	1,138.72	1,028.44
<b>Profit for the period</b>		<b>1,626.96</b>	<b>1,837.14</b>	<b>4,901.11</b>	<b>4,735.44</b>
<b>Other comprehensive income (OCI):</b>					
<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		320.18	(190.56)	0.31	214.16
- Exchange differences in translating the financial statements of foreign operations		(102.40)	196.10	346.44	123.65
- Income tax relating to items that will be reclassified to profit or loss		(69.19)	36.10	(77.55)	(43.67)
<b>Total other comprehensive income / (loss)</b>		<b>160.58</b>	<b>33.23</b>	<b>148.04</b>	<b>315.38</b>
<b>Total comprehensive income for the period</b>		<b>1,787.54</b>	<b>1,870.37</b>	<b>5,049.15</b>	<b>5,050.82</b>
<b>Earnings per share (EPS) (In Rupees)</b>					
Basic	24	5.43	6.16	16.40	15.89
Diluted		5.37	6.07	16.19	15.67

# Hexaware Technologies Limited

## Condensed Interim Consolidated Statement of Profit and Loss (*Continued*)

for the quarter and nine months ended 30 September 2020

(Rupees Million)

The accompanying notes 1 to 35 form an integral part of the condensed interim consolidated 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)*  
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October 22, 2020

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

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# Hexaware Technologies Limited

## Condensed Interim Consolidated Statement Of Changes In Equity

for the nine months ended 30 September 2020

(Rupees Million)

### A. Equity Share Capital

	30 September 2020	30 September 2019
Outstanding at the beginning of the period	596.77	594.72
Add: On issue of shares during the period	3.49	1.96
Outstanding at the end of the period	600.26	596.68

### B. Other Equity

	Share application money pending allotment	Securities premium	Capital reserve	Reserves and Surplus			General reserve	Other comprehensive income			Total
				Capital redemption reserve	SEZ Re-investment reserve	Share option outstanding account		Retained earnings	Foreign currency translation reserve	Cashflow hedge reserve (CFHR)	
<b>Balances as at December 31, 2019</b>	-	3,846.22	2.88	11.39	-	807.76	2,144.04	18,239.68	1,779.78	226.06	27,057.81
Transition adjustment (Refer note 3.1)	-	-	-	-	-	-	-	(241.71)	-	-	(241.71)
<b>Balances as at January 1, 2020</b>	-	3,846.22	2.88	11.39	-	807.76	2,144.04	17,997.97	1,779.78	226.06	26,816.10
Profit for the period	-	-	-	-	-	-	-	4,901.11	-	-	4,901.11
Other comprehensive income / (loss) (net of tax)	-	-	-	-	-	-	-	(121.16)	346.44	(77.24)	148.04
<b>Total comprehensive income / (loss) for the period</b>	-	-	-	-	-	-	-	4,779.95	346.44	(77.24)	5,049.15
Dividend paid (including dividend tax)	-	-	-	-	-	-	-	(2,092.34)	-	-	(2,092.34)
Tax benefit on share based compensation	-	-	-	-	-	-	-	14.21	-	-	14.21
Transfer to SEZ Re-investment reserve	-	-	-	-	114.32	-	-	(114.32)	-	-	-
Transfer from SEZ Re-investment reserve	-	-	-	-	(114.32)	-	-	114.32	-	-	-
Received / transferred on exercise of stock options	-	406.89	-	-	-	(406.89)	-	-	-	-	-
Compensation related to employee share based payments	-	-	-	-	-	328.48	-	-	-	-	328.48
<b>As at September 30, 2020</b>	-	4,253.11	2.88	11.39	-	729.35	2,144.04	20,699.79	2,126.22	148.82	30,115.60

### B. Other Equity

	Share application money pending allotment	Securities premium	Capital reserve	Reserves and Surplus			General reserve	Other comprehensive income			Total
				Capital redemption reserve	SEZ Re-investment reserve	Share option outstanding account		Retained earnings	Foreign currency translation reserve	Cashflow hedge reserve (CFHR)	
<b>Balances as at January 1, 2019</b>	0.42	3,635.69	2.88	11.39	476.45	991.75	2,144.04	14,574.35	1,501.79	(14.86)	23,323.93
Profit for the period	-	-	-	-	-	-	-	4,735.44	-	-	4,735.44
Other comprehensive income / (loss) (net of tax)	-	-	-	-	-	-	-	21.24	123.67	170.49	315.40
<b>Total comprehensive income / (loss) for the period</b>	-	-	-	-	-	-	-	4,756.68	123.67	170.49	5,050.84
Dividend paid (including dividend tax)	-	-	-	-	-	-	-	(2,334.91)	-	-	(2,334.91)
Tax benefit on share based compensation	-	-	-	-	-	-	-	30.86	-	-	30.86
Transfer to SEZ Re-investment reserve	-	-	-	-	303.43	-	-	(303.43)	-	-	-
Transfer from SEZ Re-investment reserve	-	-	-	-	(416.96)	-	-	416.96	-	-	-
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
<b>As at September 30, 2019</b>	-	3,837.16	2.88	11.39	362.92	937.21	2,144.04	17,140.51	1,625.45	155.63	26,217.23

#### Description of components of Other equity

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

The accompanying notes 1 to 35 form an integral part of the condensed interim consolidated 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 Consolidated Statement of Cash Flows

for the nine months ended 30 September 2020

(Rupees Million)

	For the nine months ended	
	30 September 2020	30 September 2019
<b>Cash Flow from operating activities</b>		
Net Profit before tax	6,039.83	5,763.88
<b>Adjustments for:</b>		
Depreciation and amortization expense	1,728.90	678.02
Employee stock option compensation cost	329.42	146.93
Interest income	(56.42)	(68.76)
Allowance for doubtful accounts (net of write back)	147.33	42.96
Debts and advances written off	33.94	24.38
Dividend from investments	(0.58)	(3.32)
Profit on sale of property, plant and equipment (PPE) (net)	(4.23)	(0.92)
Exchange rate difference (net) - unrealised	(11.85)	(1.59)
Finance costs	398.55	43.84
Other income	(5.39)	-
Share in profit of associate	(6.76)	(2.12)
<b>Operating profit before working capital changes</b>	<b>8,592.74</b>	<b>6,623.30</b>
<b>Adjustments for:</b>		
Trade receivables and other assets	1,551.94	(582.28)
Trade payables, other liabilities and provisions	1,234.95	(296.28)
<b>Cash generated from operations</b>	<b>11,379.62</b>	<b>5,744.73</b>
Direct taxes paid (net)	(1,119.41)	(1,156.06)
<b>Net cash from operating activities</b>	<b>10,260.21</b>	<b>4,588.68</b>
<b>Cash flow from investing activities</b>		
Purchase of PPE and intangibles assets including CWIP and capital advances	(917.17)	(963.26)
Proceeds from sale of property, plant and equipment	10.13	0.12
Purchase of investments	(300.58)	(635.04)
Proceeds from sale/ redemption of investments	300.58	736.32
Payment for acquisition of business	(2,106.88)	(8,862.70)
Dividend from investments	0.58	3.32
Interest received	56.19	63.99
<b>Net cash used in investing activities</b>	<b>(2,957.15)</b>	<b>(9,657.25)</b>
<b>Cash flow from financing activities</b>		
Proceeds from issue of shares / share application money (net)	3.49	1.54
Payment of lease liabilities	(527.65)	-
Proceeds from short term borrowing (net)	2,433.14	1.99
Proceeds from long term borrowing	-	1,259.27
Interest paid	(140.40)	(31.59)
Dividend paid (including corporate dividend tax)	(2,092.34)	(2,334.91)
<b>Net cash from / (used in) financing activities</b>	<b>(323.76)</b>	<b>(1,103.70)</b>
Net increase / (decrease) in cash and cash equivalents	6,979.30	(6,172.27)
Cash and cash equivalents at the beginning of the period	2,316.43	8,050.55
Unrealised loss / (gain) on foreign currency cash and cash equivalents	(8.43)	14.06
Cash and cash equivalents at the end of the period	<b>9,287.30</b>	<b>1,892.34</b>

The accompanying notes 1 to 35 form an integral part of the condensed interim consolidated 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

## Notes to the Condensed Interim Consolidated Financial Statements

as at 30 September 2020

(Rupees Million)

### 1 Corporate Information

Hexaware Technologies Limited ("Hexaware" or "the Holding Company") is a public limited company incorporated in India. The Holding Company together with its subsidiaries ("the Group") is engaged in information technology consulting, software and development, business process services. Hexaware provides multiple service offerings to its clients across various industries comprising travel, transportation, hospitality, logistics, banking, financial services, insurance, healthcare, manufacturing, consumer and services. The various service offerings comprise application development and management, enterprise solutions, infrastructure management, business intelligence and analytics, digital assurance (testing) and business process services

### 2 Significant Accounting Policies

The condensed interim consolidated financial statements have been prepared in accordance with generally accepted accounting principles in India including Ind AS 34 Interim Financial Reporting and using the same accounting policies as followed in the annual audited consolidated financial statements for the year ended on December 31, 2019 except in relation to Leases as discussed in note 3.1 below. These condensed consolidated 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 annual audited consolidated financial statements for the year ended December 31, 2019.

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# Hexaware Technologies Limited

## Notes to the Condensed Interim Consolidated 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.

#### 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 amortisation, 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 Group 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 Group recognises any remaining amount of the re-measurement in statement of profit and loss.

The Group 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

#### As a lessor

At the inception of the lease the Group classifies each of its leases as either an operating lease or a finance lease. The Group 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 Group 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 Group 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 Group applies Ind AS 115 Revenue to allocate the consideration in the contract.

# Hexaware Technologies Limited

## Notes to the Condensed Interim Consolidated Financial Statements (*Continued*)

as at 30 September 2020

(Rupees Million)

### 3.1 Leases (*Continued*)

#### 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 Group 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 Group 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 Group has adopted following practical expedient

- The Group has applied single discount rate to a portfolio of lease with reasonably similar characteristics.
- The Group has treated the leases with lease term of less than 12 months as if they were "short term leases" and also not applied IndAS 116 to the low value assets.
- The Group has excluded the initial direct costs from measurement of right- of- use- assets at the date of transition.
- The Group has used hindsight, in determining the lease term if the contract contains options to extend or terminate the lease.
- The Group 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.

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# Hexaware Technologies Limited

## Notes to the Condensed Interim Consolidated 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. 190.74 Million for the quarter ended September 30,2020 (Rs. 549.55 Million for the nine months ended September 30, 2020), Depreciation and amortization is higher by Rs. 154.30 Million for the quarter ended September 30, 2020 (Rs. 464.71 Million for the nine months ended September 30,2020) and Finance costs is higher by Rs. 68.46 Million for the quarter ended September 30, 2020 (Rs. 212.60 Million for the nine months ended September 30,2020).

Further, as at January 1, 2020 a right-of-use asset of Rs 4,045.09 Million and a corresponding lease liability of Rs 3,790.39 Million has been recognized. In respect of leases that were classified as finance leases applying Ind AS 17, an net 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 aggregating to Rs. 518.55 Million and an amount of Rs 46.49 million in other current financial liabilities has been adjusted against right-of-use asset. The cumulative effect on transition in retained earnings is Rs. 241.71 Million (net of deferred tax of Rs.50.23 Million).

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 Group is as follows:**

	Office premises	Leasehold Land	Vehicle	Total
<b><u>COST</u></b>				
At January 1, 2020	3,726.51	518.55	51.44	4,296.50
Additions	518.77	-	-	518.77
Remeasurement	(101.13)	-	-	(101.13)
Translation exchange difference	18.27	-	1.26	19.53
At September 30, 2020	4,162.43	518.55	52.70	4,733.68
<b><u>ACCUMULATED AMORTISATION</u></b>				
At January 1, 2020	-	-	-	-
Charge for the period	442.61	4.65	17.45	464.71
Remeasurement	(14.96)	-	-	(14.96)
Translation exchange difference	(0.38)	-	(0.33)	0.71
At September 30, 2020	427.26	4.65	17.12	449.03
<b><u>NET CARRYING AMOUNT</u></b>				
At September 30, 2020	3,735.15	513.90	35.58	4,284.64

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# Hexaware Technologies Limited

## Notes to the Condensed Interim Consolidated 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 were effective from the annual periods beginning January 1, 2020. The Group does not have any impact due to this amendment.

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# Hexaware Technologies Limited

## Notes to the Condensed Interim Consolidated Financial Statements (*Continued*)

as at 30 September 2020

(Rupees Million)

### 4 Subsidiaries to consolidation

The condensed interim consolidated financial statements present the consolidated accounts of Hexaware Technologies Limited with the following wholly owned subsidiaries accounts drawn upto the same reporting date as that of the Holding Company. The primary activity of all the subsidiaries is providing information technology and consultancy services.

Sr No.	Name of the Entity	Country of Incorporation
<b>Subsidiaries</b>		
1	Hexaware Technologies Inc.	United States of America
2	Hexaware Technologies, Mexico S. De. R.L. De. C.V.	Mexico
3	Hexaware Technologies UK Ltd.	United Kingdom
4	Hexaware Technologies Asia Pacific Pte Limited	Singapore
5	Hexaware Technologies GmbH.	Germany
6	Hexaware Technologies Canada Limited.	Canada
7	Guangzhou Hexaware Information Technologies Company Limited (Closed on August 31, 2020)	China
8	Hexaware Technologies LLC	Russia
9	Hexaware Technologies Saudi LLC	Saudi Arabia
10	Hexaware Technologies Romania SRL ( Subsidiary of Hexaware Technologies UK Ltd)	Romania
11	Hexaware Technologies Hong Kong Limited	China
12	Hexaware Technologies Nordic AB	Sweden
13	Hexaware Information Technologies (Shanghai) Company Limited	China
14	Mobiquity Inc ( Acquired on 13th June 2019, Subsidiary of Hexaware Technologies Inc.)	United States of America
15	Mobiquity Velocity Solutions, Inc (Subsidiary of Mobiquity Inc.)	United States of America
16	Mobiquity Velocity Cooperatief UA ((Subsidiary of Mobiquity Inc.)	Netherlands
17	Mobiquity BV (Subsidiary of Mobiquity Velocity Cooperative UA)	Netherlands
18	Morgan Clark BV (Subsidiary of Mobiquity Velocity Cooperative UA)	Netherlands
19	Mobiquity Softech Private Limited ( Acquired on 13th June 2019, Subsidiary of Hexaware Technologies Limied )	India
20	Montana Merger Sub Inc. (Formed on June 7, 2019 as subsidiary of Hexaware Technologies Inc and merged with Mobiquity Inc, on June 13, 2019)	United States of America
21	Hexaware Technologies South Africa (Pty) Ltd (formed on November 25, 2019, Subsidiary of Hexaware Technologies UK Ltd)	South Africa
<b>Associate</b>		
1	Experis Technology Solutions Pte. Ltd. (20% ownership interst by Hexaware Technologies Asia Pacific Pte Limited.)	Singapore

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# Hexaware Technologies Limited

## Notes to the Condensed Interim Consolidated Financial Statements (Continued)

as at 30 September 2020

(Rupees Million)

### 5 Property, Plant and Equipment (PPE)

PPE consist of the following:

	<u>Freehold Land</u>	<u>Buildings</u>	<u>Plant and Machinery</u>	<u>Furniture and Fixtures</u>	<u>Vehicles</u>	<u>Office Equipment</u>	<u>Leasehold Improvements</u>	<u>Total</u>
<u>COST</u>								
At December 31, 2019	0.15	3,913.49	3,219.63	1,216.50	20.55	1,921.17	235.75	10,527.24
Reclassified to ROU		(345.47)						(345.47)
At January 1, 2020	0.15	3,568.02	3,219.63	1,216.50	20.55	1,921.17	235.75	10,181.77
Additions	-	574.00	298.00	27.22	-	131.99	52.89	1,084.10
Disposals / adjustments	-	-	(111.30)	(22.06)	-	3.19	(0.42)	(130.59)
Translation exchange difference	-	-	(7.23)	(2.48)	0.07	(2.46)	(0.90)	(13.00)
As at September 30, 2020	0.15	4,142.02	3,399.10	1,219.18	20.62	2,053.89	287.32	11,122.28
<u>ACCUMULATED DEPRECIATION</u>								
At December 31, 2019	-	420.93	2,144.75	633.25	15.94	1,091.41	152.06	4,458.34
Reclassified to ROU	-	(94.05)	-	-	-	-	-	(94.05)
At January 1, 2020	-	326.88	2,144.75	633.25	15.94	1,091.41	152.06	4,364.29
Charge for the period	-	65.27	336.80	74.79	1.41	201.94	42.11	722.32
Disposals / adjustments	-	-	(113.27)	(0.18)	-	(10.77)	(0.12)	(124.34)
Translation exchange difference	-	-	(7.00)	(2.64)	0.07	(2.03)	(3.75)	(15.35)
As at September 30, 2020	-	392.15	2,361.28	705.22	17.42	1,280.55	190.30	4,946.92
<u>NET CARRYING AMOUNT</u>								
As at September 30, 2020	0.15	3,749.87	1,037.82	513.96	3.20	773.34	97.02	6,175.36
<u>COST</u>								
At January 1, 2019	0.15	3,030.10	2,423.76	785.97	18.87	1,293.50	152.00	7,704.35
Additions	-	886.26	793.01	420.04	2.57	609.50	60.97	2,772.35
Additions on acquisition	-	-	87.08	21.58	-	18.69	16.19	143.54
Disposals	-	(2.87)	(102.96)	(15.03)	(0.93)	(4.43)	-	(126.22)
Translation exchange difference	-	-	18.74	3.94	0.04	3.91	6.59	33.22
At December 31, 2019	0.15	3,913.49	3,219.63	1,216.50	20.55	1,921.17	235.75	10,527.24
<u>ACCUMULATED DEPRECIATION</u>								
At January 1, 2019	-	363.57	1,885.10	554.53	14.00	945.05	114.25	3,876.50
Charge for the year	-	57.78	337.38	91.11	2.83	147.77	32.99	669.86
Disposals	-	(0.42)	(92.03)	(15.03)	(0.93)	(3.97)	-	(112.38)
Translation exchange difference	-	-	14.30	2.64	0.04	2.56	4.82	24.36
At December 31, 2019	-	420.93	2,144.75	633.25	15.94	1,091.41	152.06	4,458.34
<u>NET CARRYING AMOUNT</u>								
At December 31, 2019	0.15	3,492.56	1,074.88	583.25	4.61	829.76	83.69	6,068.90

Note:

i) Plant and machinery includes computer systems

ii) 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.

# Hexaware Technologies Limited

## Notes to the Condensed Interim Consolidated Financial Statements (*Continued*)

as at 30 September 2020

(Rupees Million)

### 6 Goodwill

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

As at December 31, 2018	1,809.08
On acquisition during the year	9,581.77
Translation exchange rate difference	<u>370.03</u>
<b>As at December 31, 2019</b>	<b><u>11,760.88</u></b>
Translation exchange rate difference for the period	<u>398.47</u>
<b>As at September 30, 2020</b>	<b><u>12,159.35</u></b>

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# Hexaware Technologies Limited

## Notes to the Condensed Interim Consolidated Financial Statements (*Continued*)

as at 30 September 2020

(Rupees Million)

### 7 Other intangible assets

Other intangible assets consist of the following:

	Brand	Software licenses	Customer Contracts/Relations	Total
<b><u>COST</u></b>				
At January 1, 2020	160.02	794.87	2,718.40	3,673.29
Additions	-	31.61	273.40	305.01
Disposals / Adjustments	-	0.37	-	0.37
Translation exchange difference	5.35	3.58	55.26	64.19
As at September 30, 2020	165.37	830.43	3,047.06	4042.86
<b><u>ACCUMULATED AMORTISATION</u></b>				
At January 1, 2020	56.52	696.48	374.62	1,127.62
Amortisation for the period	80.90	46.03	414.94	541.87
Disposals	-	0.04	-	0.04
Translation exchange difference	(16.75)	2.72	(80.27)	94.30
As at September 30, 2020	120.67	745.27	709.29	1575.23
<b><u>NET CARRYING AMOUNT</u></b>				
As at September 30, 2020	44.70	85.16	2,337.77	2467.63
<b><u>COST</u></b>				
At January 1, 2019	-	678.91	-	678.91
Additions	-	50.94	139.63	190.57
Additions on acquisition	154.72	-	2,361.23	2,515.95
Disposals	-	61.25	-	61.25
Translation exchange difference	5.30	3.75	101.52	110.57
At December 31, 2019	160.02	794.85	2,602.38	3557.25
<b><u>ACCUMULATED AMORTISATION</u></b>				
At January 1, 2019	-	574.32	-	574.32
Amortisation for the year	55.69	67.52	240.46	363.67
Disposals	-	51.08	(2.01)	49.07
Translation exchange difference	0.83	3.57	20.15	24.55
At December 31, 2019	56.52	696.49	258.60	1011.61
<b><u>NET CARRYING AMOUNT</u></b>				
At December 31, 2019	103.50	98.36	2,343.78	2545.64

Additions pertain to the fair value of the customer contracts / relations arising from the acquisition of the data warehousing solutions business. Goodwill being inconsequential amount has been subsumed in the value of customer contracts.

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

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# Hexaware Technologies Limited

## Notes to the Condensed Interim Consolidated Financial Statements (Continued)

as at 30 September 2020

(Rupees Million)

	As at 30 September 2020	As at 31 December 2019
<b>8 Investments</b>		
<b>A Non current investments in equity shares (unquoted)</b>		
<u>Investment in Associate</u> 250,000 shares of USD 1/- each in Experis Technology Solutions Pte. Ltd. (The Group is in process to dispose the investments.)	32.17	25.41
<u>Other Investments</u> <u>At fair value through other comprehensive income</u> 240,958 equity shares of Rs. 10/- each in Beta Wind Farm Pvt. Ltd.	4.58	4.58
	<u>36.75</u>	<u>29.99</u>
<b>9 Loans - Security Deposits</b>		
<b>A Non-current</b>	As at 30 September 2020	As at 31 December 2019
Security deposits for premises and others (a)	<u>427.37</u>	<u>412.00</u>
<b>B Current</b>	As at 30 September 2020	As at 31 December 2019
Security deposits for premises and others	<u>7.38</u>	<u>7.66</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.		
<b>10 Other financial assets (unsecured) (considered good)</b>		
<b>A Non-current</b>	As at 30 September 2020	As at 31 December 2019
Interest accrued on bank deposits	0.46	0.57
Derivative assets	106.46	49.90
Restricted bank balances (a)	72.33	62.90
	<u>179.25</u>	<u>113.37</u>
(a) Restriction on account of bank deposits held as margin money.		
<b>B Current</b>	As at 30 September 2020	As at 31 December 2019
Interest accrued on bank deposits	0.56	0.22
Receivable from Service provider	-	15.49
Derivative assets	236.78	228.49
Employee advances	76.97	87.24
	<u>314.31</u>	<u>331.44</u>

# Hexaware Technologies Limited

## Notes to the Condensed Interim Consolidated Financial Statements (*Continued*)

as at 30 September 2020

(Rupees Million)

	As at 30 September 2020	As at 31 December 2019
<b>11</b>		
<b>Components of deferred taxes as at:</b>		
<b>Deferred tax assets relating to</b>		
Allowance for doubtful debts	82.17	44.15
Brought forward losses	172.62	167.04
Employee benefit obligations	576.42	355.50
Leases	74.58	-
Minimum alternate tax credit carry forward	1,606.91	1,636.12
Share based payment	123.05	56.75
Unrealised loss on cash flow hedges	-	40.17
Others	19.16	11.49
<b>Total</b>	<b>2,654.91</b>	<b>2,311.22</b>
<b>Deferred tax liabilities relating to</b>		
Property, plant and equipment	260.43	237.77
Intangible assets	562.91	636.25
Unrealised gain on cash flow hedges	37.39	-
<b>Total</b>	<b>860.73</b>	<b>874.02</b>
<b>Net deferred tax asset</b>	<b>1,794.18</b>	<b>1,437.20</b>

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# Hexaware Technologies Limited

## Notes to the Condensed Interim Consolidated Financial Statements (Continued)

as at 30 September 2020

(Rupees Million)

### 12 Other assets (unsecured)

#### A Non-current

	As at 30 September 2020	As at 31 December 2019
Capital Advances	3.27	17.41
Contract asset	98.97	95.11
Prepaid expenses relating to leasehold land (Refer note 3.1)	-	527.64
Other Prepaid Expenses	18.58	59.19
Indirect taxes recoverable	125.42	124.56
	<b>246.24</b>	<b>823.91</b>

#### B Current

	As at 30 September 2020	As at 31 December 2019
Contract asset	59.62	59.62
Prepaid Expenses	573.62	742.77
Indirect taxes recoverable	54.73	159.52
Others	28.70	22.47
	<b>716.67</b>	<b>984.38</b>

### 13 Trade Receivables (unsecured)

	As at 30 September 2020	As at 31 December 2019
Considered good	8,833.89	9,795.61
Credit impaired	296.60	178.20
Less: Allowance for doubtful debts	(296.60)	(178.20)
	<b>8,833.89</b>	<b>9,795.61</b>

### 14 Cash and bank balances

#### A Cash and cash equivalents

	As at 30 September 2020	As at 31 December 2019
Remittance in transit	24.98	85.61
Cash in hand	-	0.04
In current accounts with banks	9,140.49	2,152.90
Bank deposit accounts with less than 3 months maturity	121.83	77.88
Unclaimed dividend accounts	145.71	149.11
Margin money with banks	72.33	62.90
	<b>9,505.34</b>	<b>2,528.44</b>
Less: Restricted bank balances	(218.04)	(212.01)
	<b>9,287.30</b>	<b>2,316.43</b>

#### B Other bank balances

	As at 30 September 2020	As at 31 December 2019
Restricted bank balances in respect of unclaimed dividend	145.71	149.11
	<b>145.71</b>	<b>149.11</b>

# Hexaware Technologies Limited

## Notes to the Condensed Interim Consolidated Financial Statements (Continued)

as at 30 September 2020

(Rupees Million, except per share data)

	As at 30 September 2020	As at 31 December 2019
<b>15 Equity share capital</b>		
15.1 <u>Authorised capital</u>		
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
15.2 <u>Issued, subscribed and paid-up capital</u>		
Equity shares of Rs. 2 each	<u>600.26</u>	<u>596.77</u>
15.3 <u>Reconciliation of number of shares</u>		
Shares outstanding at the beginning of the period/ year	298,384,321	297,360,989
Shares issued during the period / year	1,747,478	1,023,332
Shares outstanding at the end of the period / year	<u>300,131,799</u>	298,384,321

### 15.4 Rights, preferences and restrictions attached to equity shares

The Holding 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 Holding Company after distribution of all liabilities, in proportion to their shareholding.

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

Name of shareholder		30 September 2020	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	0.00%	0.00%

15.6 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.

15.7 During the year ended December 31, 2017, the Holding 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.

### 15.8 Shares reserved for issue under options

The Holding Company has granted employee stock options under ESOP 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. 5,213,207 options / RSU's were outstanding as on September 30, 2020 (7,824,439 as on December 31, 2019).

15.9 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 Rs. 6.50 per share and year ended December 31, 2019 Rs. 8.50 per share)

# Hexaware Technologies Limited

## Notes to the Condensed Interim Consolidated Financial Statements (Continued)

as at 30 September 2020

(Rupees Million)

### 16 Other financial liabilities

#### A Non-current

	As at 30 September 2020	As at 31 December 2019
Capital creditors	-	1.18
Deferred consideration	148.03	-
Derivative liabilities	34.14	31.40
Others	2.30	12.24
	<u>184.47</u>	<u>44.82</u>

#### B Current

	As at 30 September 2020	As at 31 December 2019
Unclaimed dividend	145.71	149.11
Capital creditors	139.40	419.47
Deferred consideration	1,502.80	3,490.46
Deposit received from customer	-	0.03
Employee liabilities	2,468.72	2,081.96
Derivative liabilities	25.49	66.79
	<u>4,282.12</u>	<u>6,207.82</u>

### 17 Due of other than micro enterprises and small enterprises

	As at 30 September 2020	As at 31 December 2019
Trade payables	2,004.66	2,063.37
Accrued expenses	1,986.96	1,885.78
	<u>3,991.62</u>	<u>3,949.15</u>

### 18 Other liabilities

#### A Non-current

	As at 30 September 2020	As at 31 December 2019
Statutory liabilities	361.59	-
	<u>361.59</u>	<u>-</u>

#### B Current

	As at 30 September 2020	As at 31 December 2019
Unearned revenues	310.61	341.64
Statutory liabilities	1,037.49	614.29
	<u>1,348.10</u>	<u>955.93</u>

# Hexaware Technologies Limited

## Notes to the Condensed Interim Consolidated 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
<b>19 Other income</b>				
Dividend from mutual funds	-	1.07	<b>0.58</b>	3.32
Interest income	<b>28.14</b>	3.52	<b>56.42</b>	68.76
(Loss) / profit on sale of property, plant and equipment (net)	<b>3.81</b>	(0.43)	<b>4.23</b>	0.92
Liability no longer required written back	-	-	-	0.28
Miscellaneous income	<b>2.90</b>	2.01	<b>10.92</b>	8.26
	<b>34.85</b>	6.17	<b>72.15</b>	81.54
<b>20 Software and development expenses</b>				
Software expenses *	<b>2,441.86</b>	2,378.19	<b>7,172.54</b>	7,272.16
Other expenses	<b>272.77</b>	519.90	<b>1,225.97</b>	1,552.82
	<b>2,714.63</b>	2,898.09	<b>8,398.51</b>	8,824.98
* includes sub- contracting charges	<b>2,137.07</b>	2,214.58	<b>6,465.76</b>	6,640.62
<b>21 Employee benefits expense</b>				
Salary and allowances	<b>8,237.83</b>	7,157.35	<b>24,335.46</b>	19,025.60
Contribution to provident, other funds and benefits	<b>828.41</b>	752.80	<b>2,451.32</b>	2,150.73
Staff welfare expenses	<b>123.08</b>	224.00	<b>518.97</b>	507.37
Employee stock option compensation cost	<b>170.16</b>	62.88	<b>336.87</b>	146.93
	<b>9,359.48</b>	8,197.03	<b>27,642.62</b>	21,830.63
<b>22 Operation and Other Expenses</b>				
Rent (Refer Note 3.1)	<b>5.00</b>	178.10	<b>63.14</b>	439.88
Rates and taxes	<b>9.71</b>	10.88	<b>32.08</b>	28.19
Travelling and conveyance	<b>57.91</b>	304.87	<b>315.63</b>	792.40
Electricity charges	<b>38.45</b>	84.52	<b>136.29</b>	228.42
Communication expenses	<b>90.33</b>	93.98	<b>277.44</b>	243.81
Repairs and maintenance	<b>206.29</b>	141.06	<b>606.51</b>	404.99
Printing and stationery	<b>4.61</b>	14.00	<b>20.05</b>	43.51
Legal and professional fees	<b>142.84</b>	81.41	<b>350.99</b>	212.55
Advertisement and business promotion	<b>125.24</b>	103.74	<b>311.15</b>	280.04
Bank and other charges	<b>7.42</b>	5.51	<b>20.51</b>	20.46
Directors' sitting fees	<b>0.70</b>	0.36	<b>1.68</b>	1.48
Insurance charges	<b>22.48</b>	12.15	<b>77.34</b>	48.00
Debts and advances written off	<b>14.77</b>	24.38	<b>33.94</b>	24.38
Allowance for doubtful accounts (net of write back)	<b>53.31</b>	16.90	<b>147.33</b>	42.96
Staff recruitment expenses	<b>45.17</b>	57.84	<b>149.87</b>	174.70
Service charges	<b>97.41</b>	130.34	<b>329.80</b>	341.30
Miscellaneous expenses	<b>88.81</b>	80.50	<b>229.32</b>	171.59
	<b>1,010.45</b>	1,340.54	<b>3,103.07</b>	3,498.66
<b>23 Finance costs</b>				
Interest on borrowings	<b>43.96</b>	21.54	<b>133.91</b>	27.64
Interest on lease liabilities	<b>68.46</b>	-	<b>212.60</b>	-
Others	<b>20.27</b>	12.33	<b>52.04</b>	16.20
	<b>132.69</b>	33.87	<b>398.55</b>	43.84

# Hexaware Technologies Limited

## Notes to the Condensed Interim Consolidated Financial Statements (Continued)

for the quarter and nine months ended 30 September 2020

(Rupees Million)

### 24 Earnings per share (EPS)

The components of basic and diluted EPS:

	For the quarter ended		For the nine months ended	
	30 September 2020	30 September 2019	30 September 2020	30 September 2019
Net profit after tax ( Rupees Million )	1,626.96	1,837.14	4,901.11	4,735.44
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)	5.43	6.16	16.40	15.89
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)	5.37	6.07	16.19	15.67
Par value per share (In Rupees)	2.00	2.00	2.00	2.00

### 25 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

HT Global Holdings B.V.

##### 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 Mahtani

Dileep Choksi (Retired on October 16, 2019)

Bharat Shah (Retired on October 16, 2019)

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)

Madhu Khatri (w.e.f. April 25, 2020)

Rajeev Kumar Mehta (w.e.f. October 05, 2020)

Transactions	For the quarter ended		For the nine months ended	
	30 September 2020	30 September 2019	30 September 2020	30 September 2019
<b>Associate</b>				
Software and consultancy income	44.84	44.74	123.02	120.18
<b>Remuneration to KMP</b>				
Short term employee benefits	18.94	17.40	50.78	63.70
Post employment benefits	2.14	0.59	3.46	1.50
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

Closing balances	As at	As at
	September 30, 2020	December 31, 2019
Receivables from associate	39.53	57.67
Payable to / provision for KMP	53.92	49.42

# Hexaware Technologies Limited

## Notes to the Condensed Interim Consolidated Financial Statements (Continued)

as at 30 September 2020

(Rupees Million)

### 26 Financial Instruments

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

	Amortised Cost	Fair value through profit and loss	Fair value through other comprehensive income	Derivative instrument in hedging relationship	Total carrying / fair value
<b>September 30, 2020</b>					
Cash and cash equivalents	9,287.30	-	-	-	9,287.30
Other bank balances	145.71	-	-	-	145.71
Trade receivables	8,833.89	-	-	-	8,833.89
Unbilled revenue	3,575.36	-	-	-	3,575.36
Loans - security deposits	434.75	-	-	-	434.75
Other financial assets	150.32	-	-	343.24	493.56
Investments in equity shares	-	-	4.58	-	4.58
	<u>22,427.33</u>	<u>-</u>	<u>4.58</u>	<u>343.24</u>	<u>22,775.15</u>
Borrowings	3,909.81	-	-	-	3,909.81
Deferred consideration	1,650.83	-	-	-	1,650.83
Trade payables	4,005.09	-	-	-	4,005.09
Lease liabilities	3,931.93	-	-	-	3,931.93
Other financial liabilities	2,756.13	-	-	59.63	2,815.76
	<u>16,253.79</u>	<u>-</u>	<u>-</u>	<u>59.63</u>	<u>16,313.42</u>
<b>December 31, 2019</b>					
Cash and cash equivalents	2,316.43	-	-	-	2,316.43
Other bank balances	149.11	-	-	-	149.11
Trade receivables	9,795.61	-	-	-	9,795.61
Unbilled revenue	3,535.47	-	-	-	3,535.47
Loans - security deposits	419.66	-	-	-	419.66
Other financial assets	166.42	-	-	278.39	444.81
Investments in equity shares	-	-	4.58	-	4.58
	<u>16,382.70</u>	<u>-</u>	<u>4.58</u>	<u>278.39</u>	<u>16,665.67</u>
Borrowings	1,430.73	-	-	-	1,430.73
Deferred consideration	3,490.46	-	-	-	3,490.46
Trade payables	3,949.15	-	-	-	3,949.15
Other financial liabilities	2,663.99	-	-	98.19	2,762.18
	<u>11,534.33</u>	<u>-</u>	<u>-</u>	<u>98.19</u>	<u>11,632.52</u>

Carrying amount of cash and cash equivalents, other bank balances, trade receivables, unbilled revenue, loans, other financial assets, borrowings, deferred consideration, trade payables, lease liabilities and other financial 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.

### 26.2 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

# Hexaware Technologies Limited

## Notes to the Condensed Interim Consolidated Financial Statements (Continued)

as at 30 September 2020

(Rupees Million)

### 26 Financial Instruments (Cont'd)

#### 26.2 Fair value hierarchy (Continued)

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

<b>September 30, 2020</b>	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>	<u>Total</u>
Investments in equity shares	-	-	4.58	4.58
Derivative financial assets	-	343.24	-	343.24
	-	343.24	4.58	347.82
Derivative financial liabilities	-	59.63	-	59.63
<b>December 31, 2019</b>	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>	<u>Total</u>
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.

#### 26.3 Derivative financial instruments

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

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

<b>Currency hedged (Sell contracts)</b>	<b>In Million</b>	
	<b>September 30 2020</b>	<b>December 31 2019</b>
USD	<b>214.12</b>	212.02
Euro	<b>5.10</b>	6.60
GBP	<b>13.24</b>	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.

The Group has also entered into Interest rate swap arrangement for the floating rate loan of notional USD 15 Million (Nil as on December 31, 2019)

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

	<b><u>For nine months ended September 30, 2020</u></b>	<b><u>For nine months ended September 30, 2019</u></b>
Balance at the beginning of the period	<b>226.06</b>	(14.86)
Net gains / (losses) transferred to statement of profit or loss on occurrence of forecasted hedge transaction	<b>38.78</b>	(123.03)
Changes in the fair value of the effective portion of outstanding cash flow hedges	<b>(38.46)</b>	337.19
Deferred tax	<b>(77.55)</b>	(43.67)
Balance at the end of the period	<b>148.82</b>	155.63

There were no material hedge ineffectiveness for the nine months ended September 30, 2020, September 30, 2019 and year ended December 31, 2019.

# Hexaware Technologies Limited

## Notes to the Condensed Interim Consolidated Financial Statements (*Continued*)

for the quarter and nine months ended 30 September 2020

(Rupees Million)

### 27 Segment disclosures

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

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

#### Segment results for the quarter ended September 30, 2020

	<u>T &amp; T</u>	<u>BFS</u>	<u>H &amp; I</u>	<u>HTPS</u>	<u>M &amp; C</u>	<u>Total</u>
Revenue	1,256.07	6,060.24	3,443.46	2,360.43	2,738.89	15,859.09
Expenses	(986.54)	(5,294.92)	(2,801.94)	(1,865.65)	(2,135.51)	(13,084.56)
Segment profit	<u>269.53</u>	<u>765.32</u>	<u>641.52</u>	<u>494.78</u>	<u>603.38</u>	<u>2,774.53</u>
Less: Depreciation and amortisation						(574.52)
Add: Exchange rate differences (net)						(98.12)
Add: Other income						34.85
Less: Finance costs						(132.69)
Less: Exceptional item - Acquisition related costs						-
Add: Share in net profit of associate (net of tax)						4.09
<b>Profit before tax</b>						<u><b>2,008.14</b></u>
Less: Tax expense						<u>(381.18)</u>
<b>Profit after tax</b>						<u><b>1,626.96</b></u>

#### Segment results for the quarter ended September 30, 2019

	<u>T &amp; T</u>	<u>BFS</u>	<u>H &amp; I</u>	<u>HTPS</u>	<u>M &amp; C</u>	<u>Total</u>
Revenue	1,501.41	5,719.00	2,857.46	2,118.99	2,616.61	14,813.47
Expenses	(1,194.69)	(5,061.15)	(2,268.22)	(1,752.28)	(2,159.32)	(12,435.66)
Segment profit	<u>306.72</u>	<u>657.85</u>	<u>589.24</u>	<u>366.71</u>	<u>457.29</u>	<u>2,377.81</u>
Less: Depreciation and amortisation						(324.27)
Add: Exchange rate differences (net)						197.59
Add: Other income						6.17
Less: Finance costs						(33.87)
Less: Exceptional item - Acquisition related costs						-
Less: Share in net profit of associate (net of tax)						<u>0.65</u>
<b>Profit before tax</b>						<u><b>2,224.08</b></u>
Less: Tax expense						<u>(386.94)</u>
<b>Profit after tax</b>						<u><b>1,837.14</b></u>



# Hexaware Technologies Limited

## Notes to the Condensed Interim Consolidated Financial Statements (*Continued*)

for the quarter and nine months ended 30 September 2020

(Rupees Million)

### 28 Revenue disclosures

Revenue by Nature	For the quarter ended		For the nine months ended	
	30 September 2020	30 September 2019	30 September 2020	30 September 2019
Revenue from contracts with customers	15,809.59	14,813.47	46,843.33	40,537.01
Other operating revenue	49.50	-	124.52	-
<b>Total revenue from operations</b>	<b>15,859.09</b>	<b>14,813.47</b>	<b>46,967.85</b>	<b>40,537.01</b>

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

Revenue	For the quarter ended		For the nine months ended	
	30 September 2020	30 September 2019	30 September 2020	30 September 2019
Americas	11,671.28	11,024.85	34,926.63	30,596.30
Europe	2,892.03	2,270.55	8,367.12	5,789.40
APAC	1,295.78	1,518.07	3,674.10	4,151.31
<b>Total</b>	<b>15,859.09</b>	<b>14,813.47</b>	<b>46,967.85</b>	<b>40,537.01</b>

The disaggregated revenue with the customers by contract type:

	For the quarter ended		For the nine months ended	
	30 September 2020	30 September 2019	30 September 2020	30 September 2019
Offshore	40.6%	37.3%	39.3%	37.0%
Onshore	59.4%	62.7%	60.7%	63.0%
<b>Total revenue from operations</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

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# Hexaware Technologies Limited

## Notes to the Condensed Interim Consolidated Financial Statements (*Continued*)

as at 30 September 2020

### 29 Contingent liabilities

- a. Claims not acknowledged as debt amounts to Rs. 28.14 million (Rs. 28.14 million as on December 31, 2019), being a claim from landlord of a premise occupied by the Holding Company in an earlier year. The Holding 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 Holding 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 Holding 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.

- 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 account.

### 31 COVID pandemic:

The Group 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 Group, 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 that estimated till date by the management. The management is continuously monitoring the material changes.

### 32 Borrowings

The non current borrowing represents LIBOR based term loan from a bank repayable at the end of 3 years. The current borrowing represents LIBOR based working capital facility repayable on demand. Both the above borrowing are secured by way of charge on the current assets of Hexaware Technologies Inc.

- 33 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.

### 34 Material events after Balance Sheet date

There is no significant event after reporting date which requires amendments or disclosure to these condensed interim consolidated financial statements except as disclosed in note 15.6

### 35 Approval of the financial statements

The condensed interim consolidated 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