

Independent Auditor's Report

To the Board of Directors of Hexaware Technologies Inc.

Report on the Audit of the special purpose Ind AS Financial Statements

We have audited the accompanying special purpose Ind AS financial statements of Hexaware Technologies Inc. ("the Company"), which comprise the Balance Sheet as at 31 December 2018, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and summary of the significant accounting policies and other explanatory information. These special purpose financial statements have been prepared by the Company's management for the purpose of consolidation of financial statements of the Company with the Holding Company, Hexaware Technologies Limited, and to comply with the provisions of Section 129 read with Section 136 of the Companies Act, 2013 ('the Act').

Management's Responsibility for the special purpose Ind AS Financial Statements

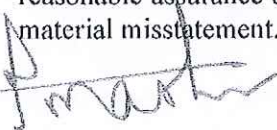
The Company's Board of Directors is responsible for the preparation of these special purpose Ind AS financial statements that give a true and fair view of the state of affairs, profit/loss (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, to the extent considered relevant by it for the purpose for which these special purpose Ind AS financial statements have been prepared.

This responsibility also includes maintenance of adequate accounting records for safeguarding 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 the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the special purpose Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these special purpose Ind AS financial statements based on our audit.

We conducted our audit of the special purpose Ind AS financial statements in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ("ICAI"). Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the special purpose Ind AS financial statements are free from material misstatement.



Independent Auditor's Report (Continued)

Hexaware Technologies Inc.

Auditor's Responsibility (Continued)

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the special purpose Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid special purpose Ind AS financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 December 2018, its profit (including other comprehensive income), its changes in equity and its cash flows for the year ended on that date.

Other Matters

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

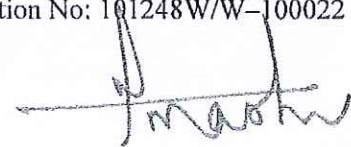
Our opinion is not modified in respect of this matter.

Restriction on Use

This report is issued only for the purpose of consolidation of financial statement of the Company with the Holding Company, Hexaware Technologies Limited, and to comply with the provisions of Section 129 read with Section 136 of the Companies Act, 2013 and should not be used for any other purposes.

For B S R & Co. LLP
Chartered Accountants

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



Akeel Master
Partner

Membership No: 046768

Mumbai
30 January 2019

HEXAWARE TECHNOLOGIES INC
BALANCE SHEET

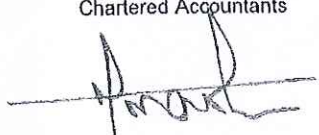
		As at December 31, 2018	Amount in USD As at December 31, 2017
Assets			
Non-current assets			
Property, Plant and Equipment (PPE)	4	1,187,770	1,554,914
Intangible assets	5	153,641	272,140
Financial assets			
- Investments	6	274	274
- Other financial assets	7A	40,013	66,048
Deferred tax assets (net)	23	5,511,000	4,512,000
Other non-current assets	8A	1,761,223	3,418,323
Total non-current assets		<u>8,653,921</u>	<u>9,823,699</u>
Current assets			
Financial assets			
- Trade receivables	9	73,760,584	56,025,705
- Cash and cash equivalents	10	77,112,126	54,859,330
- Unbilled revenue		26,851,410	27,846,377
- Other financial assets	7B	358,764	289,964
Current Tax Assets (net)		376,443	549,296
Other current assets	8B	3,559,876	3,556,696
Total current assets		<u>182,019,203</u>	<u>143,127,368</u>
Total assets		<u>190,673,124</u>	<u>152,951,067</u>
Equity and liabilities			
Equity			
Equity Share capital	9	8,031,657	8,031,657
Other Equity		57,213,882	43,985,900
Total equity		<u>65,245,539</u>	<u>52,017,557</u>
Current liabilities			
Financial Liabilities			
- Trade and other payables	12	103,030,082	77,918,065
- Other financial liabilities	13	13,186,112	12,875,768
Other current liabilities	14	4,097,388	3,942,915
Provisions			
- Employee benefit obligations - compensated absences		4,988,064	6,167,758
- Others	15	-	29,004
Current tax liabilities (net)		125,939	-
Total current liabilities		<u>125,427,585</u>	<u>100,933,510</u>
Total equity and liabilities		<u>190,673,124</u>	<u>152,951,067</u>

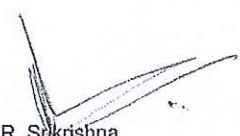
The accompanying notes 1 to 31 form an integral part of the financial statement

As per our report of even date

For B S R & Co. LLP
Firm registration number : 101248W/W-100022
Chartered Accountants

For and on behalf of the Board of Directors


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


R. Srikrishna
Director
Date : January 30, 2019
Place : Mumbai

HEXAWARE TECHNOLOGIES INC
STATEMENT OF PROFIT AND LOSS

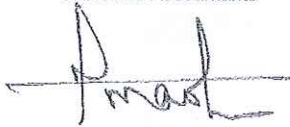
Amount in USD

	Notes	For year ended December 31, 2018	For year ended December 31, 2017
INCOME			
Revenue from operations		483,727,325	444,612,361
Other Income	16	701,136	42,980
Total Income		484,428,461	444,655,341
EXPENSES			
Software and development expenses	17	262,616,156	227,857,525
Employee benefits expense	18	182,986,749	180,086,453
Operation and other expenses	19	20,277,066	19,975,107
Exchange Rate difference (net)		316,410	114,658
Interest - others		1,776	8,954
Depreciation and amortisation expense	4, 5	833,177	946,464
Total expenses		467,031,334	428,989,161
Profit before tax		17,397,127	15,666,180
Tax expense	22		
- Current		5,168,145	5,600,760
- Deferred (Credit)		(735,000)	1,559,000
		4,433,145	7,159,760
Profit for the year		12,963,982	8,506,420
Other comprehensive Income (OCI)		-	-
Total Comprehensive income for the year		12,963,982	8,506,420
Earnings per share (In USD)			
Basic and Diluted	24	431.74	283.29

The accompanying notes 1 to 31 form an integral part of the financial statement

As per our report of even date

For B S R & Co. LLP
 Firm registration number : 101248WW-100022
 Chartered Accountants



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

For and on behalf of the Board of Directors



R. Srikrishna
 Director

Date : January 30, 2019
 Place : Mumbai

HEXAWARE TECHNOLOGIES INC
STATEMENT OF CHANGES IN EQUITY

A. Equity Share Capital

	As at January 1, 2018	Changes during the year	Amount in USD As at December 31, 2018
	8,031,657	-	8,031,657
	As at January 1, 2017	Changes during the year	As at December 31, 2017
	8,031,657	-	8,031,657

B. Other Equity

	Reserves and Surplus				Amount in USD
	Reserve on Merger	Additional Paid in Capital	Contributed capital on account of share based payment	Retained Earnings	Total
Balances as at January 1, 2018	98,411	142,951	-	43,744,538	43,985,900
Profit for the year	-	-	-	12,963,982	12,963,982
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	12,963,982	12,963,982
Employee stock option compensation cost	-	-	2,428,733	-	2,428,733
Repayment to Holding Company	-	-	(2,428,733)	-	(2,428,733)
Tax benefit on share based compensation	-	-	-	264,000	264,000
As at December 31, 2018	98,411	142,951	-	56,972,520	57,213,882

	Reserves and Surplus				Amount in USD
	Reserve on Merger	Additional Paid in Capital	Contributed capital on account of share based payment	Retained Earnings	Total
Balances as at January 1, 2017	98,411	142,951	-	34,900,118	35,141,480
Profit for the year	-	-	-	8,506,420	8,506,420
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	8,506,420	8,506,420
Employee stock option compensation cost	-	-	2,006,638	-	2,006,638
Repayment to Holding Company	-	-	(2,006,638)	-	(2,006,638)
Tax benefit on share based compensation	-	-	-	338,000	338,000
As at December 31, 2017	98,411	142,951	-	43,744,538	43,985,900

The accompanying notes 1 to 31 form an integral part of the financial statement

As per our report of even date

For B S R & Co. LLP
 Firm registration number : 101248W/W-100022
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 Date : January 30, 2019
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R. Srikrishna
 Director

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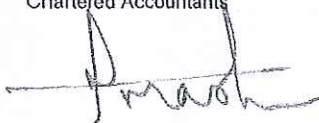
HEXAWARE TECHNOLOGIES INC
CASH FLOW STATEMENT

Particulars	Amount in USD	
	For year ended	For year ended
	December 31, 2018	December 31, 2017
Cash Flow from operating activities		
Net Profit before tax	17,397,127	15,666,180
Adjustments for:		
Depreciation and amortisation expense	833,177	946,464
Interest income	(657,244)	(612)
Provision for doubtful debts (net of write back)	438,353	(35,000)
Debts and advances written off	-	153,843
Loss on sale of PPE (net)	28,523	-
Exchange rate difference (net) - unrealised	70,612	(10,003)
Interest expense	1,776	8,954
Operating profit before working capital changes	18,112,324	16,729,826
Adjustments for:		
Trade receivable and other assets	(15,567,110)	(3,714,396)
Trade payable and other liabilities	24,368,135	26,368,129
Cash generated from operations	26,913,349	39,383,559
Direct taxes paid (net)	(4,869,353)	(7,021,898)
Net cash generated from operating activities	22,043,996	32,361,661
Cash flow from Investing activities		
Purchase of PPE and intangible assets	(376,567)	(334,791)
Interest received	657,244	612
Proceeds from sale of fixed assets	511	-
Net cash from / (used in) investing activities	281,188	(334,179)
Cash flow from financing activities		
Interest paid	(1,776)	(8,954)
Net cash used in financing activities	(1,776)	(8,954)
Net increase in cash and cash equivalents	22,323,408	32,018,527
Cash and cash equivalents at the beginning of the year	54,859,330	22,830,800
Adjustment: Unrealised (gain) / loss on foreign currency cash and cash equivalents	70,612	(10,003)
Cash and cash equivalents at the end of the year (Refer Note 10)	77,112,126	54,859,330

The accompanying notes 1 to 31 form an integral part of the financial statement

As per our report of even date

For B S R & Co. LLP
 Firm registration number : 101248W/W-100022
 Chartered Accountants



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



R. Srikrishna
 Director
 Date : January 30, 2019
 Place : Mumbai

HEXAWARE TECHNOLOGIES INC
NOTES TO THE FINANCIAL STATEMENTS

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 management. Hexaware provides multiple service offerings to its clients across various industries comprising travel, transportation, hospitality, logistics, banking, financial services, insurance, healthcare, manufacturing, consumer and services. The various service offerings comprise application development and management, enterprise package solutions, infrastructure management, business intelligence and analytics, business process, digital assurance and testing.

2 Significant Accounting Policies

2.1 Statement of compliance

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

2.2 Basis of Preparation

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

2.3 Critical accounting judgements and key source of estimation uncertainty

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

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

Key source of estimation uncertainty which may cause material adjustments:

2.3.1 Revenue recognition

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

2.3.2 Income-tax

The major tax jurisdictions for the Company is USA though the Company also files tax returns in overseas jurisdiction. Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods.

2.3.3 Others

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



HEXAWARE TECHNOLOGIES INC
NOTES TO THE FINANCIAL STATEMENTS

2.4 Revenue Recognition

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

- a) Revenues from software solutions and consulting services are recognized based on specified terms of contract. In case of contract on time and material basis, revenue is recognised when the related services are performed.

In case of fixed price contracts, revenue is recognized using percentage of completion method. The company uses the efforts expended to date as a proportion to the total efforts to be expended as a basis to measure the degree of completion. The cumulative impact of any revision in estimates of the percentage of work completed is reflected in the year in which the change becomes known. Provisions for estimated losses on such engagements are made during the year in which a loss becomes probable and can be reasonably estimated.

Amount received or billed in advance of services performed are recorded as unearned revenue.

Unbilled services represents revenue recognized based on services performed in advance of billing in accordance with contract terms.

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

Revenue is reported net of discount and indirect taxes.

- c) Dividend income is recognised when the shareholders right to receive payment has been established.
d) Interest Income is recognised using effective interest rate method.

2.5 Leases

a) Finance Lease

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

b) Operating Leases

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

2.6 Functional and presentation currency

- (a) Functional currency of the company is US Dollar (USD), the currency of primary economic environment in which it operates. These financial statements are presented in functional currency i.e. USD.

(u) Foreign currency

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

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

2.7 Borrowing Cost

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



HEXAWARE TECHNOLOGIES INC
NOTES TO THE FINANCIAL STATEMENTS

2.8 Employee Benefits

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

Company's contribution to defined contribution retirement schemes viz. contribution to the State and Federal pension plans is charged to Statement of Profit and Loss as incurred.

b) Short term employee benefit

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees is recognized as an expense during the period when the employee renders those services. These benefits include compensated absences such as leave expected to be availed / encashed within a year and short term medical insurance plan.

2.9 Share based compensation

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

2.10 Taxes on Income

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

b) Current tax is measured at the amount expected to be paid or recovered from the domestic and overseas tax authorities using enacted or substantively enacted tax rates.

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

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

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

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

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



HEXAWARE TECHNOLOGIES INC
NOTES TO THE FINANCIAL STATEMENTS

2.11 Property, plant and equipment (PPE)

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

Depreciation

Depreciation is provided on straight-line method based on the estimated useful lives of the assets as determined by the management based on the expert technical advice/ stipulations of schedule II to the Act.

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

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

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

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

2.12 Intangible assets

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

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

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

2.13 Impairment

a) Financial assets (other than at fair value)

The company assesses at each balance sheet date, whether a financial asset or a group of financial assets is impaired. Ind AS 109, "Financial Instruments" requires expected credit losses to be measured through a loss allowance. The company recognizes lifetime expected losses for all contract assets and / or all trade receivables. For all other financial assets except for investments, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. In case of Investments, the Company periodically reviews its carrying value of investments for indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

b) Non-financial assets

Tangible and Intangible assets

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

2.14 Provisions

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



HEXAWARE TECHNOLOGIES INC
NOTES TO THE FINANCIAL STATEMENTS

2.15 Non derivative financial instruments

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

A Financial assets and financial liabilities – subsequent measurement

(i) Financial assets at amortised cost

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

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

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

Investments in mutual fund units are initially recorded at fair value. Subsequent to initial recognition these are measured at fair value and changes therein, other than impairment losses and foreign exchange gains and losses on available-for-sale monetary items are recognized directly in other comprehensive income. When an investment is derecognized, the cumulative gain or loss in other comprehensive income is transferred to net profit in the statement of comprehensive income.

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

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

(iv) Cash and cash equivalents

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

(v) Financial liabilities

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

Share capital

Equity shares

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

3 Recent accounting pronouncements

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

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



HEXAWARE TECHNOLOGIES INC
NOTES TO THE FINANCIAL STATEMENTS

4 Property, Plant and Equipment (PPE)
PPE consist of the following:

Amount in USD

	<u>Plant and Machinery</u>	<u>Furniture and Fixtures</u>	<u>Vehicles</u>	<u>Office Equipment</u>	<u>Leasehold Improvements</u>	<u>Total</u>
COST						
At January 1, 2018	2,063,461	1,000,309	27,912	197,546	1,418,390	4,707,618
Additions	200,931	6,928	-	-	100,660	308,519
Disposals	(1,136)	(374,854)	-	(81,860)	(79,465)	(537,315)
At December 31, 2018	<u>2,263,256</u>	<u>632,383</u>	<u>27,912</u>	<u>115,686</u>	<u>1,439,585</u>	<u>4,478,822</u>
ACCUMULATED DEPRECIATION						
At January 1, 2018	1,694,690	543,323	27,912	134,431	752,348	3,152,704
Charge for the year	267,185	88,596	-	30,358	260,490	646,629
Disposals	(1,104)	(347,949)	-	(79,763)	(79,465)	(508,281)
At December 31, 2018	<u>1,960,771</u>	<u>283,970</u>	<u>27,912</u>	<u>85,026</u>	<u>933,373</u>	<u>3,291,052</u>
NET CARRYING AMOUNT						
At December 31, 2018	<u>302,485</u>	<u>348,413</u>	<u>-</u>	<u>30,660</u>	<u>506,212</u>	<u>1,187,770</u>
COST						
At January 1, 2017	1,869,334	996,952	27,912	197,546	1,418,390	4,510,134
Additions	194,127	3,357	-	-	-	197,484
Disposals	-	-	-	-	-	-
At December 31, 2017	<u>2,063,461</u>	<u>1,000,309</u>	<u>27,912</u>	<u>197,546</u>	<u>1,418,390</u>	<u>4,707,618</u>
ACCUMULATED DEPRECIATION						
At January 1, 2017	1,364,186	451,485	27,912	98,537	477,157	2,419,277
Charge for the year	330,504	91,838	-	35,894	275,191	733,427
Disposals	-	-	-	-	-	-
At December 31, 2017	<u>1,694,690</u>	<u>543,323</u>	<u>27,912</u>	<u>134,431</u>	<u>752,348</u>	<u>3,152,704</u>
NET CARRYING AMOUNT						
At December 31, 2017	<u>368,771</u>	<u>456,986</u>	<u>-</u>	<u>63,115</u>	<u>666,042</u>	<u>1,554,914</u>

Note:

Plant and machinery includes computer systems



HEXAWARE TECHNOLOGIES INC
NOTES TO THE FINANCIAL STATEMENTS

5 Intangible assets
 Intangible assets consist of the following:

Amount in USD
 Software
 licenses

COST

At January 1, 2018	1,187,353
Additions	68,048
Disposals	-
At December 31, 2018	<u>1,255,401</u>

ACCUMULATED AMORTISATION

At January 1, 2018	915,212
Amortisation for the year	186,548
Disposals	-
At December 31, 2018	<u>1,101,760</u>

NET CARRYING AMOUNT

At December 31, 2018	<u>153,641</u>
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COST

At January 1, 2017	1,050,045
Additions	137,307
Disposals	-
At December 31, 2017	<u>1,187,352</u>

ACCUMULATED AMORTISATION

At January 1, 2017	702,175
Amortisation for the year	213,037
Disposals	-
At December 31, 2017	<u>915,212</u>

NET CARRYING AMOUNT

At December 31, 2017	<u>272,140</u>
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Amortisation is included in the Statement of Profit or Loss under the line item "Depreciation and Amortisation expenses".



HEXAWARE TECHNOLOGIES INC
NOTES TO THE FINANCIAL STATEMENTS

	As at December 31, 2018	Amount in USD As at December 31, 2017
6 Investments		
A Non Current Investments In Equity shares (unquoted)	<u>December 31, 2018</u>	<u>December 31, 2017</u>
<u>Investments in equity instruments of fellow subsidiaries - At fair value through Other Comprehensive Income</u>		
1 Participation share in Hexaware Technologies, Mexico S De.RL.De.C.V. at par	274	274
	<u>274</u>	<u>274</u>
7 Other financial assets (unsecured) (considered good)		
A <u>Non-current</u>	<u>December 31, 2018</u>	Amount in USD As at <u>December 31, 2017</u>
Security deposits	40,013	66,048
	<u>40,013</u>	<u>66,048</u>
B <u>Current</u>	<u>December 31, 2018</u>	Amount in USD As at <u>December 31, 2017</u>
Security deposits	57,188	17,233
Loans and advances to related parties (Refer Note 25)	-	161,384
Other receivable from vendor	138,180	-
Employee advances	163,396	91,347
	<u>358,764</u>	<u>289,964</u>
8 Other assets (unsecured)		
A <u>Non-current</u>	<u>December 31, 2018</u>	Amount in USD As at <u>December 31, 2017</u>
Prepaid Expenses	1,761,223	3,418,323
	<u>1,761,223</u>	<u>3,418,323</u>
B <u>Current</u>	<u>December 31, 2018</u>	Amount in USD As at <u>December 31, 2017</u>
Prepaid Expenses	3,506,834	3,460,672
Others	53,039.47	96,024
	<u>3,559,874</u>	<u>3,556,696</u>
9 Trade Receivables (unsecured)		
	<u>December 31, 2018</u>	Amount in USD As at <u>December 31, 2017</u>
Considered good	73,760,584	56,025,705
Considered doubtful	743,353	305,000
Less: Allowance for doubtful receivables basis the expected credit loss model	(743,353)	(305,000)
	<u>73,760,584</u>	<u>56,025,705</u>
The age wise breakup of trade receivables, net of allowances is given below:		
	<u>December 31, 2018</u>	Amount in USD As at <u>December 31, 2017</u>
Not due	44,907,712	36,707,221
Due less than 180 days	27,474,399	16,204,697
Due greater than 180 days*	2,121,826	3,418,787
	<u>74,503,937</u>	<u>56,330,705</u>
*Net of allowance for doubtful receivables USD 743,353 (Previous year USD 305,000)		
Movement in allowance for doubtful receivables		
Balance at the beginning of the year	305,000	340,000
Expense for the year	500,585	665,242
Amounts recovered during the year	-	(546,399)
Written-back during the year	(62,232)	(153,843)
	<u>743,353</u>	<u>305,000</u>
Balance at the end of the year	<u>743,353</u>	<u>305,000</u>
10 Cash and cash equivalents		
	<u>December 31, 2018</u>	Amount in USD As at <u>December 31, 2017</u>
In current accounts with banks	77,112,126	54,859,330
	<u>77,112,126</u>	<u>54,859,330</u>



HEXAWARE TECHNOLOGIES INC
NOTES TO THE FINANCIAL STATEMENTS

	<u>As at</u> <u>December 31, 2018</u>	<u>Amount in USD</u> <u>As at</u> <u>December 31, 2017</u>
11 Equity Share Capital		
11.1 <u>Authorised capital</u>		
100,000 shares in common stock of no par value		
11.2 <u>Issued, subscribed and paid-up capital</u>		
30,027 shares in common stock of no par value	<u>8,031,657</u>	<u>8,031,657</u>
11.3 There is no movement in share capital during year ended December 31, 2018 and December 31, 2017.		
11.4 <u>Rights, preferences and restrictions attached to equity shares</u>		
The Company has one class of common stock having no par value. Each shareholder is eligible for one vote per share held. 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.		
11.5 All shares are held by Hexaware Technologies Limited, the holding company, since incorporation of the Company.		



HEXAWARE TECHNOLOGIES INC
NOTES TO THE FINANCIAL STATEMENTS

12 Trade and other payables

	Amount in USD	
	As at <u>December 31, 2018</u>	As at <u>December 31, 2017</u>
Trade payable	81,711,120	69,409,605
Accrued expenses	21,318,962	8,508,460
	<u>103,030,082</u>	<u>77,918,065</u>

13 Other financial liabilities

Current

	Amount in USD	
	As at <u>December 31, 2018</u>	As at <u>December 31, 2017</u>
Capital creditors	-	29,960
Employee liabilities payable	13,186,112	12,845,808
	<u>13,186,112</u>	<u>12,875,768</u>

14 Other current liabilities

	Amount in USD	
	As at <u>December 31, 2018</u>	As at <u>December 31, 2017</u>
Unearned revenues	2,831,106	2,637,912
Statutory liabilities	1,266,282	1,305,003
	<u>4,097,388</u>	<u>3,942,915</u>

15 Provisions - Others

	Amount in USD	
	As at <u>December 31, 2018</u>	As at <u>December 31, 2017</u>
Provision at the beginning of the year	29,004	1,255,120
Payment made during the year	-	(867,780)
Adjusted during the year	(29,004)	(358,336)
Provision at the end of the year	<u>-</u>	<u>29,004</u>

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



HEXAWARE TECHNOLOGIES INC
NOTES TO THE FINANCIAL STATEMENTS

Amount in USD

16 Other income	For year ended December 31, 2018	For year ended December 31, 2017
Interest income	657,244	612
Profit on Sale of Fixed Assets (Net)	479	"
Miscellaneous income	43,413	42,368
	<u>701,136</u>	<u>42,980</u>

17 Software and Development Expenses	For year ended December 31, 2018	For year ended December 31, 2017
Consultant travel and related expenses	15,577,055	17,044,339
Software expenses *	247,039,101	210,813,186
	<u>262,616,156</u>	<u>227,857,525</u>
	245,137,472	210,206,073

* includes sub-contracting charges

Amount in USD

18 Employee benefits expense	For year ended December 31, 2018	For year ended December 31, 2017
Salary and allowances	155,006,630	154,336,885
Contribution to other funds and benefits	23,824,024	22,093,223
Staff welfare expenses	1,727,362	1,649,707
Employee stock option compensation cost (Refer Note 29)	2,428,733	2,006,638
	<u>182,986,749</u>	<u>180,086,453</u>

Amount in USD

19 Operation and Other Expenses	For year ended December 31, 2018	For year ended December 31, 2017
Rent	1,568,513	1,741,693
Rates and taxes	74,785	54,454
Travelling and conveyance	6,163,663	5,303,660
Electricity charges	28,193	30,158
Communication expenses	1,205,701	1,206,294
Repairs and maintenance	1,974,651	1,861,720
Printing and stationery	85,776	79,685
Auditors remuneration	64,935	259,647
Legal and professional fees	468,696	1,353,920
Advertisement and business promotion	-	3,861
Seminar and conference expenses	2,312,955	2,664,378
Bank and other charges	74,073	38,946
Membership and Subscription charges	51,700	215,947
Insurance charges	408,685	418,631
Loss on sale of PPE (net)	29,002	-
Debts and advances written off	-	153,843
Provision for doubtful accounts (net of write back)*	438,353	(35,000)
Staff recruitment expenses	805,582	1,282,075
Miscellaneous expenses	4,521,803	3,341,195
	<u>20,277,066</u>	<u>19,975,107</u>

* net of write backs



62,232

92,732

HEXAWARE TECHNOLOGIES INC
NOTES TO THE FINANCIAL STATEMENTS

20 Estimated amount of contracts remaining to be executed on capital account not provided for (Net of Advances) US \$ Nil (Previous year US \$ 102,134).

21 Employee Benefits:

The Company recognized USD 8,780,035 (Previous Year USD 8,638,683) for pension fund contributions in Statement of Profit and Loss. The contributions payable to these plans by the company are at rates specified in the rules of the schemes and the company has no further obligations under such schemes.

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

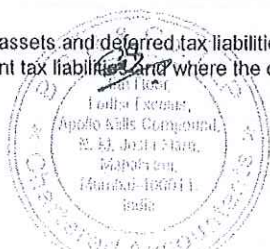
	Amount in USD	
	For year ended December 31, 2018	For year ended December 31, 2017
Profit before income-tax	17,397,127	15,666,180
Expected tax expense at the enacted tax rate in United States of America 26.53% for December 31, 2018 and 39.28% for December 31, 2017	4,615,458	6,153,676
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:		
Income exempt from tax		
Tax effect of non-deductible expenses	145,883	185,048
Tax benefit items	(379,710)	(413,558)
Excess provision reversed	(302,207)	-
Taxes of earlier years	231,400	(474,753)
Impact of changes in rate of tax		1,745,921
Others	122,321	(36,574)
	<u>4,433,145</u>	<u>7,159,760</u>

23 Deferred taxes

				Amount in USD
Components of deferred taxes :				
Particulars	January 1, 2018	Recognised in profit or loss	Recognised in equity	December 31, 2018
Deferred tax assets				
Provision for doubtful debts	83,000	114,000	-	197,000
Provision for employee benefits	2,872,000	475,000	-	3,347,000
Share based payments	887,000	627,000	264,000	1,778,000
Other provisions	656,000	(543,000)	-	113,000
Depreciation and amortisation	14,000	62,000	-	76,000
Interest on subsidiary loans		-	-	-
	<u>4,512,000</u>	<u>735,000</u>	<u>264,000</u>	<u>5,511,000</u>

				Amount in USD
Components of deferred taxes :				
Particulars	January 1, 2017	Recognised in profit or loss	Recognised in equity	December 31, 2017
Deferred tax assets				
Provision for doubtful debts	133,000	(50,000)	-	83,000
Provision for employee benefits	4,890,000	(2,018,000)	-	2,872,000
Share based payments	-	549,000	338,000	887,000
Other provisions	663,000	(7,000)	-	656,000
Depreciation and amortisation	47,000	(33,000)	-	14,000
Interest on subsidiary loans		-	-	-
	<u>5,733,000</u>	<u>(1,559,000)</u>	<u>338,000</u>	<u>4,512,000</u>

Deferred tax assets and deferred tax liabilities have been offset wherever the Company has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.



HEXWARE TECHNOLOGIES INC
NOTES TO THE FINANCIAL STATEMENTS

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

Amount in USD

	For year ended	
	December 31, 2018	December 31, 2017
Net profit after tax (Amount in USD)	12,963,962	8,506,420
Weighted average outstanding equity shares considered for basic EPS (Nos.)	30,027	30,027
Basic and diluted earnings per share (USD)	431.74	283.29

25 Related party disclosures

25.1 Name of Related Parties and description of relationship:

Ultimate Holding Company and its subsidiaries
Baring Private Equity Asia GP V, LP, Cayman Island (Ultimate holding company) (control exists)
The Baring Asia Private Equity Fund V, LP, Cayman Island
Baring Private Equity Asia V Mauritius Holding (4) Limited, Mauritius
HT Global IT Solutions Holding Limited, Mauritius (control exists)
Holding Company (control exists)
Hexaware Technologies Limited, India
Subsidiary
Hexaware Technology and Business Solutions, Inc. (Formed on March 23, 2017 and closed on August 17, 2017)
Fellow Subsidiaries
Hexaware Technologies Canada Limited
Hexaware Technologies Asia Pacific Pte Ltd., Singapore
Hexaware Technologies GmbH, Germany
Hexaware Technologies UK Limited., UK
Hexaware Technologies, Mexico S. De R.L. De C.V., Mexico
Hexaware Tecnologia Do Brasil Ltda, Brazil
Guangzhou Hexaware Information Technologies Company Limited, China
Key Management Personnel
*** R. Srikrishna, Chief Executive Officer of Holding Company
R. Chandrasekar, Director
Ravi Vaidyanathan, Director

25.2 Transactions during the year

Particulars	Name of Related Party And Nature of relationship	Amount in USD	
		For Year ended	
		December 31, 2018	December 31, 2017
1 Reimbursement of Cost to	Holding Company (including share based payments \$2,428,733 in 2018 & \$2,005,638 in 2017)	7,677,510	7,939,418
	Fellow Subsidiaries		
	Hexaware Technologies Mexico S.DE RL DE C.V	5,370,920	5,594,212
	Hexaware Technologies Canada Ltd	118,155	63,470
	Hexaware Technologies Asia pacific Pte Ltd	168,031	202,621
	Hexaware Technologies UK Limited., UK	3,428,618	2,744,808
	Hexaware Technologies Limited -Netherlands Branch		2,219
	Hexaware Technologies Ltd Hongkong	2,356	
	Hexaware Information Technologies (Shanghai) co. Ltd	375	
	Guangzhou Hexaware Information Technologies Company Limited, China	1,959	9,911
Hexaware technologies GmbH	25,603		
2 Employee advances reimbursed to	Holding Company	507,071	770,068
3 Receiving of services	Holding Company	134,910,835	124,753,499
	Fellow Subsidiaries		
	Hexaware Technologies Mexico S.DE RL DE C.V	10,127,599	9,425,105
	Hexaware Technologies Canada Ltd	3,060,321	1,754,455
	Hexaware Tecnologia Do Brasil Ltda, Brazil		375,803
	Hexaware Technologies Ltd Hongkong	225,521	59,481
	Hexaware Technologies Romania SRL	113,743	
	Hexaware Information Technologies (Shanghai) co. Ltd	6,243	
	Guangzhou Hexaware Information Technologies Company Limited, China	43,466	10,663
	KMP		
Mr. R. Srikrishna	5,424,752	1,050,135	
Mr. Ravi Vaidyanathan	689,688	637,372	
4 Revenue from operations	Holding Company	1,057,708	2,350,602
5 Recovery of Cost from	Holding Company	402,562	240,420
	Fellow Subsidiaries		
	Hexaware Technologies UK Limited., UK	387,709	491,526
	Hexaware Technologies Canada Ltd	105,046	73,106
	Hexaware Technologies Asia pacific Pte Ltd	98,147	31,941
	Hexaware technologies GmbH	110,072	46,640
	Hexaware Technologies Mexico S.DE RL DE C.V	15,770	14,902

25.3 Closing balances :

Particulars	Nature of relationship	Amount in USD	
		Closing balances as at	
		December 31, 2018	December 31, 2017
1 Trade Receivable	Holding Company	246,890	4,291,653
2 Other Receivable	Holding Company	59,939	07,420
	Fellow Subsidiaries		
	Hexaware Technologies UK Limited., UK	142,607	27,093
	Hexaware Tecnologia Do Brasil Ltda, Brazil		52,030
Hexaware Technologies Mexico S.DE RL DE C.V	22,655	4,840	
3 Trade Payable	Holding Company	54,621,874	47,098,014
	Fellow Subsidiaries		
	Hexaware Technologies Mexico S.DE RL DE C.V	4,292,607	4,085,581
	Hexaware Technologies UK Limited., UK	1,285,281	1,120,728
	Hexaware Technologies Canada Ltd	1,403,159	1,200,700
	Hexaware Technologies Asia pacific Pte Ltd	41,630	28,652
	Hexaware Tecnologia Do Brasil Ltda, Brazil		105,658
	Guangzhou Hexaware Information Technologies Company Limited, China	6,664	10,663
	Hexaware Technologies Romania SRL	113,743	
	Hexaware Information Technologies (Shanghai) co. Ltd	6,616	
Hexaware Technologies Ltd Hongkong	90,005	17,241	
4 Other Payable	Holding Company	10,932,446	
5 Payable to/ Provision for KMP/ director	KMP		
	Mr. R. Srikrishna	470,213	399,167
Mr. Ravi Vaidyanathan	214,458	173,611	



HEXAWARE TECHNOLOGIES INC
NOTES TO THE FINANCIAL STATEMENTS

26 26.1 Financial instruments

A Category of financial instrument

- 1 All financial instruments (except investment in fellow subsidiary) are measured at amortised cost. Carrying amount of cash and cash equivalents, trade receivables, unbilled revenue, trade and other payables, other financial assets and liabilities approximate the fair value because of their short term nature. Difference between carrying amounts and fair values of, unbilled revenue and other financial assets subsequently measured at amortised cost is not significant in each of the years presented.
- 2 Investment in fellow subsidiary is measured at fair value through other comprehensive income.

B 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 observed and the significance of the inputs to the fair value measurements 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.

Fair value of Investments in fellow subsidiary is categorised into Level 3

C Valuation technique

Cost of investment in fellow subsidiary is considered to be representative of fair value.

26.2 Financial risk management

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

Client concentration risk

Approximately 67% of the revenue of 2018 is generated from top 10 clients (year 2017 - 69%). Any loss or major downsizing by these clients may impact Company's profitability. Further, excessive exposure to particular clients will limit groups negotiating capacity and expose us to higher credit risk.

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

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



26 Financial Instruments (Cont'd)

26.2 Financial risk management (Cont'd)

Credit risk

Since most of our transactions are done on credit, we are exposed to credit risk on accounts receivable. Any delay, default or inability on the part of the client to pay on time will expose us to credit risk and can impact our profitability. Our maximum credit exposure is in respect of trade receivables of USD 73,760,584 and USD 56,025,705 as at December 31, 2018 and December 31, 2017 respectively and unbilled revenue of USD 26,851,410 and 27,846,378 as at December 31, 2018 and December 31, 2017 respectively.

We have adopted an effective receivable management system to control the Days' Sales Outstanding (DSO). Our DSO including unbilled revenue is 76 days and 68 days as on December 31, 2018 and December 31, 2017 respectively. Refer Note No.9 for the age wise analysis of trade receivables that are not due as well as past due and allowance for the doubtful receivables.

Top 10 customer dues contribute 67% of the total outstanding as at December 31, 2018 (61% as at December 31, 2017).

Cash and cash equivalents are neither past due nor impaired. Cash and cash equivalents include deposits with banks and financial institution with high credit-ratings assigned by credit-rating agencies.

Foreign Currency fluctuations risk

The company's transactions are predominantly in USD and incurs foreign currency risk on transactions that are denominated by currency other than USD such as CAD, GBP etc. The company does not hedge any currency exposures since the net foreign exchange exposure is insignificant.

Liquidity risk

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

Over the years, the Company has increased its liquidity position by improving its DSO and maintaining high cash / bank balance.

As at December 31, 2018, the Company had cash and cash equivalents of USD 77,112,126 (as at December 31, 2017 USD 54,859,330) which constitutes approximately 39% of our total assets (2017 - 36%). The Company does not have any debt.

All financial liabilities will materialise within a period of one year.

Interest rate risk

The Company does not have any debt. The balances with banks are in the form of current accounts. The Company is not exposed to any significant interest rate risk.

Capital management

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



HEXAWARE TECHNOLOGIES INC
NOTES TO THE FINANCIAL STATEMENTS

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 Company's performance and allocates resources based on analysis of various performance indicators by below business segments. The Company'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) Manufacturing, Consumer and Others (M&C)
- (v) Professional services (PS)

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

Assets and liabilities contracted have not been identified to any of the reportable business segments as the assets are used interchangeably between segments and it is not practicable to reasonably allocate the liabilities to individual segments. Accordingly, no disclosure relating to segment assets and segment liabilities are made.

The Company operates mainly in local markets (United States of America).

<u>Year ended December 31, 2018</u>	<u>T & T</u>	<u>BFS</u>	<u>H & I</u>	<u>M&C</u>	<u>PS</u>	<u>Amount in USD</u> <u>Total</u>
Revenue	42,837,561	257,281,473	64,202,540	56,632,537	62,773,214	483,727,325
Expenses	(41,257,048)	(247,788,949)	(61,833,756)	(54,543,052)	(60,457,166)	(465,879,971)
Segment Profit	1,580,513	9,492,524	2,368,784	2,089,485	2,316,048	17,847,354
Less: Depreciation and amortisation expenses						833,177
Less: Exchange rate differences						316,410
Add: Other income						701,136
Less: Interest						1,776
Profit Before Tax						17,397,127
Tax expense						4,433,145
Profit after tax						12,963,982

<u>Year ended December 31, 2017</u>	<u>T & T</u>	<u>BFS</u>	<u>H & I</u>	<u>M&C</u>	<u>PS</u>	<u>Amount in USD</u> <u>Total</u>
Revenue	43,002,324	237,791,964	53,000,131	47,685,203	63,132,738	444,612,360
Expenses	(41,387,772)	(228,863,901)	(51,010,205)	(45,894,830)	(60,762,376)	(427,919,084)
Segment Profit	1,614,552	8,928,062	1,989,926	1,790,374	2,370,362	16,693,276
Less: Depreciation and amortisation expenses						946,464
Less: Exchange rate differences						114,658
Add: Other income						42,980
Less: Interest						8,954
Profit Before Tax						15,666,180
Tax expense						7,159,760
Profit after tax						8,506,420



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27 Segment disclosures (Cont'd)

27.1 Customer information

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

Customer	Segment	Amount in USD	
		For year ended	
		December 31, 2018	December 31, 2017
Customer A	BFS	89,259,209	82,373,042
Customer B	BFS	72,255,997	61,706,309
Customer C	M&C	53,508,584	60,359,302

28 Lease

Operating Lease:

The Company takes on lease offices space and accommodation for its employees under various operating leases. The lease term ranges between 1 year to 5 years with option to renew. The lease rentals towards operating lease agreements recognised in the Statement of Profit and Loss for the year are USD 1,568,513 (Previous Year USD 1,741,693).

The future minimum lease payments and payment profile of non-cancellable operating leases are as follows:

Particulars	Amount in USD	
	Total Minimum Lease Payments Outstanding as on December 31, 2018	Total Minimum Lease Payments Outstanding as on December 31, 2017
Not later than one year	1,281,091	1,355,916
Later than one year but not later than five years	4,358,051	2,670,585
Later than 5 years	2,241,761	-
	7,880,903	4,026,501

29 Employee share based compensation

The Company's employees participate in stock option plans administered by the Parent Company, which entitles key employees one equity share of Parent Company of INR 2 or approximately USD .03 each for each options/ Restricted stock options (RSU) granted. The options/ RSU's vest over the period of 1 to 5 years from the date of grant on the basis of service period and/ or achivement of performance conditions.

30 Material events after Balance Sheet date

There is no significant event after reporting date which requires adjustments or disclosure to the financial statements.

31 Approval of the Financial statement

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



