

B S R & Co. LLP

Chartered Accountants

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Independent Auditor's Report

To the Board of Director of Hexaware Technologies Inc.

Report on the Audit of the Special Purpose Financial Statements

Opinion

We have audited the accompanying special purpose financial statements of Hexaware Technologies Inc. ("the Company"), which comprise the Balance Sheet as at 31 December 2019, the Statement of Profit and Loss (including other comprehensive income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to special purpose financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as the "special purpose financial statements"). These special purpose financial statements have been prepared by the Company's management as described in Note 2.1 to the special purpose financial statements.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid special purpose 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 2019 and , its profit (including other comprehensive income), its changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India ("ICAI"). Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the special purpose financial statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the ICAI together with the ethical requirements that are relevant to our audit under the provisions of the Act and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibility for the special purpose Financial Statements

The Company's Management and Board of Directors are responsible for the preparation of these special purpose 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 notified by the Ministry of Corporate Affairs, as described in Note 2.1 to the special purpose financial statements.

Independent Auditor's Report (Continued)

Hexaware Technologies Inc.

Management's Responsibility for the special purpose Financial Statements (Continued)

This responsibility also includes maintenance of adequate accounting records for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibility for the audit of special purpose Financial Statements

Our objectives are to obtain reasonable assurance about whether the special purpose 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 special purpose 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 special purpose 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 internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the special purpose financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Independent Auditor's Report (Continued)

Hexaware Technologies Inc.

Auditor's Responsibility for the audit of special purpose Financial Statements (Continued)

- evaluate the overall presentation, structure and content of the special purpose financial statements, including the disclosures, and whether the special purpose financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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. These special purpose financial statements are not the statutory financial statements of the Company. Our report must not be copied, disclosed, quoted or circulated, or referred to, in correspondence or discussion, in whole or in part or distributed to anyone other than the purpose for which it has been issued without our prior written consent.

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

Chartered Accountants

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



Rajesh Mehra

Partner

Membership No: 103145

UDIN: 20103145AAAAAJ4912

Mumbai
11 February 2020

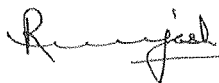
HEXAWARE TECHNOLOGIES INC
STANDALONE BALANCE SHEET AS AT DECEMBER 31, 2019

		As at December 31, 2019	Amount In USD As at December 31, 2018
Assets			
Non-current assets			
Property, Plant and Equipment (PPE)	4	1,218,996	1,187,770
Intangible assets	5	1,068,017	153,641
Financial assets			
- Investments	6	182,113,881	274
- Loans- Security deposits	7A	87,379	40,013
Deferred tax assets (net)	25	4,742,000	5,511,000
Other non-current assets	9A	893,747	1,761,223
Total non-current assets		190,104,020	8,653,921
Current assets			
Financial assets			
- Trade receivables	10	77,599,950	73,760,584
- Cash and cash equivalents	11	14,119,638	77,112,126
- Unbilled receivables		28,700,249	28,851,410
- Loans- Security deposits	7B	59,357	57,188
- Other financial assets	8	408,195	301,576
Current tax assets (net)		1,720,813	376,443
Other current assets	9B	3,624,564	3,559,876
Total current assets		128,230,772	182,019,203
Total assets		316,334,792	190,673,124
Equity and liabilities			
Equity			
Equity share capital	12	8,031,657	8,031,657
Other equity		69,890,995	57,213,882
Total equity		77,922,652	65,245,539
Non-current liabilities			
Financial liabilities			
- Borrowings	31	20,024,711	-
Total non-current liabilities		20,024,711	-
Current liabilities			
Financial liabilities			
- Borrowings	31	22,679,036	-
- Trade and other payables	13	123,283,145	103,030,082
- Other financial liabilities	14	63,455,410	13,186,112
Other current liabilities	15	4,328,460	4,097,388
Provisions	16	-	-
Employee benefit obligations - compensated absences		4,841,378	4,988,064
Current tax liabilities (net)		-	125,939
Total current liabilities		218,387,429	125,427,585
Total liabilities		238,412,140	125,427,585
Total equity and liabilities		316,334,792	190,673,124

The accompanying notes 1 to 35 form an integral part of the financial statement


As per our report of even date attached

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



Rajesh Mehra
 Partner
 Membership number: 103145
 Date : February 11, 2020
 Place : Mumbai

For and on behalf of the Board of Directors



R. Srikrishna
 Director
 Date : February 11, 2020
 Place : Mumbai

HEXAWARE TECHNOLOGIES INC
STANDALONE STATEMENT OF PROFIT AND LOSS

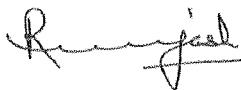
Amount in USD

	Note	For year ended	
		December 31, 2019	December 31, 2018
INCOME			
Revenue from operations	17	507,526,202	483,727,325
Other Income	18	945,839	701,136
Total Income		508,472,041	484,428,461
EXPENSES			
Software and development expenses	19	278,991,512	262,616,156
Employee benefits expense	20	187,574,484	182,986,749
Operation and other expenses	21	21,800,531	20,277,066
Exchange Rate difference (net)		318,349	310,410
Finance cost		1,316,312	1,776
Depreciation and amortisation expense	4, 5	1,314,821	833,177
Total expenses		491,316,009	467,031,334
Profit before tax		17,156,032	17,397,127
Tax expense			
- Current		3,709,919	5,168,145
- Deferred (credit) / charge	25	462,000	(735,000)
		4,171,919	4,433,145
Profit for the year		12,984,113	12,963,982
Other comprehensive Income (OCI)			
Total Comprehensive income for the year		12,984,113	12,963,982
Earnings per share (in USD)			
Basic and Diluted	26	432.41	431.74

The accompanying notes 1 to 35 form an integral part of the financial statement


As per our report of even date attached

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



Rajesh Mehra
 Partner
 Membership number: 103145
 Date : February 11, 2020
 Place : Mumbai

For and on behalf of the Board of Directors



R. Srin Krishna
 Director

Date : February 11, 2020
 Place : Mumbai

HEXAWARE TECHNOLOGIES INC
STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2019

A. Equity share capital

	As at December 31, 2019	Amount in USD As at December 31, 2018
Outstanding at the beginning of the year	8,031,657	8,031,657
Issued during the year	-	-
Outstanding at the end of the year	<u>8,031,657</u>	<u>8,031,657</u>

B. Other equity


	Reserves and surplus				Total
	Reserve on merger	Additional paid in capital	Contributed capital on account of share based payment	Retained earnings	
Balances as at January 1, 2019	98,411	142,951	-	56,972,520	57,213,882
Profit for the year	-	-	-	12,984,113	12,984,113
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	12,984,113	12,984,113
Employee stock option compensation cost	-	-	(451,535)	-	(451,535)
Repayment to Holding Company	-	-	451,535	-	451,535
Tax benefit on share based compensation	-	-	-	(307,000)	(307,000)
As at December 31, 2019	<u>98,411</u>	<u>142,951</u>	<u>-</u>	<u>69,649,833</u>	<u>69,890,995</u>

	Reserves and Surplus				Total
	Reserve on merger	Additional paid in capital	Contributed capital on account of share based payment	Retained earnings	
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	<u>98,411</u>	<u>142,951</u>	<u>-</u>	<u>56,972,520</u>	<u>57,213,882</u>

The accompanying notes 1 to 35 form an integral part of the financial statement

As per our report of even date attached

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



Rajesh Mehra
 Partner
 Membership number: 103145
 Date : February 11, 2020
 Place : Mumbai

For and on behalf of the Board of Directors



R. Srinivasha
 Director
 Date : February 11, 2020
 Place : Mumbai

HEXAWARE TECHNOLOGIES INC
STANDALONE STATEMENT OF CASH FLOW

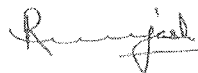
Amount in USD

Particulars	For year ended	For year ended
	December 31, 2019	December 31, 2018
Cash Flow from operating activities		
Net Profit before tax	17,158,032	17,397,127
Adjustments for:		
Depreciation and amortisation expense	1,314,821	833,177
Interest income	(935,506)	(657,244)
Provision for doubtful debts (net of write back)	400,001	438,353
Loss on sale of PPE (net)	-	29,002
Exchange rate difference (net) - unroalised	(29,473)	70,612
Interest expense	1,316,312	1,776
Operating profit before working capital changes	19,222,187	18,112,803
Adjustments for:		
Trade receivable and other assets	(5,419,579)	(15,587,110)
Trade payable and other liabilities	21,510,425	24,368,135
Cash generated from operations	35,313,033	26,913,828
Direct taxes paid (net)	(5,180,228)	(4,869,353)
Net cash generated from operating activities	30,132,805	22,044,475
Cash flow from investing activities		
Purchase of PPE and intangible assets	(2,260,422)	(376,567)
Interest received	935,606	657,244
Investment in Mobiquity Inc: (refer note 32)	(133,217,285)	-
Proceeds from sale of fixed assets	-	32
Net cash from / (used in) investing activities	(134,642,201)	280,709
Cash flow from financing activities		
Borrowings	42,703,747	-
Interest paid	(1,316,312)	(1,776)
Net cash used in financing activities	41,387,434	(1,776)
Net Increase in cash and cash equivalents	(63,021,961)	22,323,408
Cash and cash equivalents at the beginning of the year	77,112,126	54,859,330
Add: Unrealised gain / (loss) on foreign currency cash and cash equivalents	29,473	(70,612)
Cash and cash equivalents at the end of the year (Refer Note 11)	14,119,638	77,112,126

The accompanying notes 1 to 35 form an integral part of the financial statement

As per our report of even date attached

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



Rajesh Mohra
 Partner
 Membership number: 103145
 Date : February 11, 2020
 Place : Mumbai

For and on behalf of the Board of Directors



R. Srikrishna
 Director
 Date : February 11, 2020
 Place : Mumbai

HEXAWARE TECHNOLOGIES INC
NOTES TO STANDALONE FINANCIAL STATEMENTS

1 Corporate Information

Hexaware Technologies Inc (the Company) is a wholly owned subsidiary of Hexaware Technologies Limited, a foreign corporation incorporated in India (The Holding Company).

The Company was incorporated in March 1994. The Company provides information technology ("IT") services and solutions to its clients, primarily in the form of professional IT and consulting services.

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. These special purpose Ind AS financial statements (here after referred to as "the financial statements") have been prepared for the purpose of consolidation with the holding company. These financial has been prepared to assist the Holding Company (Hexaware Technologies Limited) to comply with the requirements of section 129(3) of the Companies Act, 2013.

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.

These financial statements have been prepared in Dollars (USD \$) which is the functional currency of the Company

All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle. Based on the nature of services rendered to customers and time elapsed between deployment of resources and the realisation in cash and cash equivalents of the consideration for such services rendered, the Company has considered an operating cycle of 12 months.

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:

(i) 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 reliably estimated.

The Company uses judgement to determine an appropriate standalone selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract. Where standalone selling price is not observable, the Company uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.

Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period.

Contract fulfillment costs/ contract assets are generally expensed as incurred except for certain costs which meet the criteria for capitalisation. The assessment of this criteria requires the application of judgement, in particular, when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered

(ii) Others

Others areas involving estimates relates to provision for the doubtful debts and useful lives of property, plant and equipment.

2.4 Revenue recognition

Effective January 1, 2019, the company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The company has adopted Ind AS 115 using the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted and it continues to be reported under Ind AS 18 and Ind AS 11. Refer note 2.4 - Significant accounting policies - Revenue recognition in the financial statements of the Company for the year ended December 31, 2018, for revenue recognition policy as per Ind AS 18 and Ind AS 11. The impact of adoption of the standard on the financial statements of the company is not material.

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the company expects to receive in exchange for those products or services.



HEXAWARE TECHNOLOGIES INC
NOTES TO STANDALONE FINANCIAL STATEMENTS

2.4 Revenue recognition (cont'd)

In case of contract on time and material basis, transaction-based or volume-based contracts, revenue is recognised when the related services are performed.

In case of fixed price contracts, revenue is recognized using percentage of completion method. The 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 (Contract liability). Unbilled receivables (Contract assets) represents revenue recognized based on services performed in advance of billing in accordance with contract terms.

Revenues related to fixed-price projects are recognized based on our right to invoice for services performed for contracts in which the invoicing is representative of the value being delivered. If our invoicing is not consistent with value delivered, revenues are recognized as the service is performed using the percentage of completion method.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Contracts are subject to modification to account for changes in contract specification and requirements. The company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation, or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

2.5 Leases

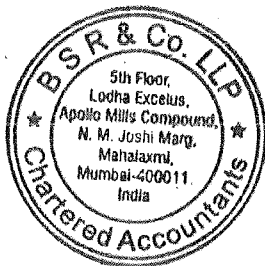
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

a) Finance lease

Assets taken on finance lease are capitalised at lower of present value of the minimum lease payments and the fair value 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 payment to the lessor are structured to increase in line with expected general inflation.



HEXAWARE TECHNOLOGIES INC
NOTES TO STANDALONE FINANCIAL STATEMENTS

2.6 Foreign currency

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

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. 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.

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

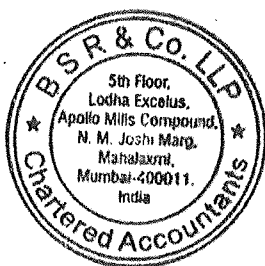
The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees is recognized as an expense during the period when the employee renders those services. These benefits include compensated absences such as leave expected to be availed / encashed 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.
- g) 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 STANDALONE 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. Following table summarises the nature of intangibles and the estimated useful lives.

Asset Class	Estimated useful Life
Software licenses	3 years
Customer contracts / relations	2 - 7 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.

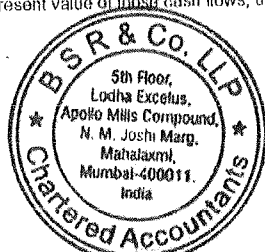
b) Non-financial assets

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.



HEXWARE TECHNOLOGIES INC
NOTES TO STANDALONE 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.

(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) Investment in subsidiaries

Investment in subsidiaries is carried at cost less impairment, if any.

(v) 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.

(vi) Financial liabilities

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

B Share capital

Equity shares

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

2.16 Earnings per share ('EPS')

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

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

3 Recent accounting pronouncements

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

a) Ind AS 116 – Leases

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

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

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

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

The amendments are effective from the annual periods beginning January 1, 2020. The company is currently assessing the impact of adopting the amendments on its financial statements.



HEXAWARE TECHNOLOGIES INC
NOTES TO STANDALONE FINANCIAL STATEMENTS

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

	<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 January 1, 2019	2,263,256	632,383	27,912	115,586	1,439,595	4,478,822
Additions	158,908	69,426	-	-	313,536	541,872
Disposals / adjustments	(222,858)	-	-	-	-	(222,858)
At December 31, 2019	<u>2,199,306</u>	<u>701,811</u>	<u>27,912</u>	<u>115,586</u>	<u>1,753,121</u>	<u>4,797,836</u>
<u>ACCUMULATED DEPRECIATION</u>						
At January 1, 2019	1,960,771	283,970	27,912	85,026	933,373	3,291,052
Charge for the year	186,131	81,081	-	16,026	227,418	510,656
Disposals / adjustments	(222,868)	-	-	-	-	(222,868)
At December 31, 2019	<u>1,924,034</u>	<u>365,051</u>	<u>27,912</u>	<u>101,052</u>	<u>1,160,791</u>	<u>3,578,840</u>
<u>NET CARRYING AMOUNT</u>						
At December 31, 2019	<u>275,272</u>	<u>336,760</u>	<u>-</u>	<u>14,634</u>	<u>592,330</u>	<u>1,218,996</u>
<u>COST</u>						
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>
<u>ACCUMULATED DEPRECIATION</u>						
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	-	30,368	260,490	646,629
Disposals	(1,104)	(347,949)	-	(79,763)	(79,465)	(608,281)
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>
<u>NET CARRYING AMOUNT</u>						
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>

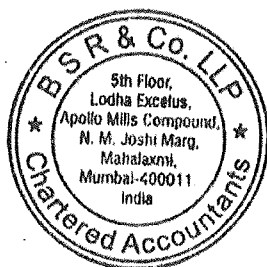
Note:
Plant and machinery includes computer systems



HEXAWARE TECHNOLOGIES INC
NOTES TO STANDALONE FINANCIAL STATEMENTS

5 Intangible assets	Amount In USD		
Intangible assets consist of the following:	Software licenses	Customer contracts/relations	Total
<u>COST</u>			
At January 1, 2019	1,255,401	-	1,255,401
Additions	-	1,718,550	1,718,550
Disposals / adjustments	222,858	-	222,858
At December 31, 2019	<u>1,478,259</u>	<u>1,718,550</u>	<u>3,196,809</u>
<u>ACCUMULATED AMORTISATION</u>			
At January 1, 2019	1,101,760	-	1,101,760
Amortisation for the year	123,905	680,259	804,164
Disposals / adjustments	222,868	-	222,868
At December 31, 2019	<u>1,448,533</u>	<u>680,259</u>	<u>2,128,792</u>
<u>NET CARRYING AMOUNT</u>			
At December 31, 2019	<u>29,726</u>	<u>1,038,291</u>	<u>1,068,017</u>
<u>COST</u>			
At January 1, 2018	1,187,353	-	1,187,353
Additions	68,048	-	68,048
Disposals	-	-	-
At December 31, 2018	<u>1,255,401</u>	<u>-</u>	<u>1,255,401</u>
<u>ACCUMULATED AMORTISATION</u>			
At January 1, 2018	915,212	-	915,212
Amortisation for the year	186,548	-	186,548
Disposals	-	-	-
At December 31, 2018	<u>1,101,760</u>	<u>-</u>	<u>1,101,760</u>
<u>NET CARRYING AMOUNT</u>			
At December 31, 2018	<u>153,641</u>	<u>-</u>	<u>153,641</u>

Amortisation is included in the Statement of Profit or Loss under the line item "Depreciation and Amortisation expenses".



HEXAWARE TECHNOLOGIES INC
NOTES TO STANDALONE FINANCIAL STATEMENTS

	As at December 31, 2019	Amount in USD As at December 31, 2018
6 Investments		
A Non Current Investments in Equity shares (unquoted)		
Investments in equity instruments of fellow subsidiaries - At fair value through Other Comprehensive Income		
† Participation share in Hexaware Technologies, Mexico S De RL De C.V. n/par	274	274
Investments in equity instruments of subsidiary (at cost)		
10,000 shares of USD 0.001 each in Mohiquery Inc. (refer note 32)	100,143,007	100,143,007
	<u>100,143,007</u>	<u>100,143,007</u>
		274
		<u>274</u>
7 Loans (unsecured) (considered good)		
A Non-current		
Security deposits	67,379	40,013
	<u>67,379</u>	<u>40,013</u>
	As at December 31, 2019	Amount in USD As at December 31, 2018
B Current		
Security deposits	59,357	57,198
	<u>59,357</u>	<u>57,198</u>
	As at December 31, 2019	Amount in USD As at December 31, 2018
8 Other financial assets		
Other receivable from vendor	217,043	198,160
Employee advances	189,152	163,556
	<u>406,195</u>	<u>361,716</u>
	As at December 31, 2019	Amount in USD As at December 31, 2018
9 Other assets (unsecured)		
A Non-current		
Prepaid expenses	893,747	1,761,223
	<u>893,747</u>	<u>1,761,223</u>
	As at December 31, 2019	Amount in USD As at December 31, 2018
B Current		
Prepaid expenses	3,463,296	3,506,934
Others	161,268	53,040
	<u>3,624,564</u>	<u>3,560,074</u>
	As at December 31, 2019	Amount in USD As at December 31, 2018
10 Trade receivables (unsecured)		
Considered good	77,599,956	73,760,584
Considered doubtful	1,143,354	743,353
	<u>78,743,310</u>	<u>74,503,937</u>
Less: Credit Impaired	(1,143,354)	(743,353)
	<u>77,599,956</u>	<u>73,760,584</u>
The age wise breakup of trade receivables, not of impairment is given below:		
	As at December 31, 2019	As at December 31, 2018
Not due	44,711,948	44,807,712
Due less than 180 days	30,343,136	27,474,399
Due greater than 180 days*	2,544,872	1,378,473
	<u>77,599,956</u>	<u>73,760,584</u>
*Net of Impairment loss USD 1,143,354 (Previous year USD 743,353)		
Movement in credit loss		
Balance at the beginning of the year	743,353	305,000
Expense for the year	509,610	509,685
Amounts recovered during the year		
Written-back during the year	(109,609)	(62,232)
	<u>1,143,354</u>	<u>743,353</u>
Balance at the end of the year		
	As at December 31, 2019	Amount in USD As at December 31, 2018
11 Cash and cash equivalents		
In current accounts with banks	14,110,638	11,112,126
	<u>14,110,638</u>	<u>11,112,126</u>



HEXAWARE TECHNOLOGIES INC
NOTES TO STANDALONE FINANCIAL STATEMENTS

	As at December 31, 2019	Amount in USD As at December 31, 2018
12 Equity share capital		
12.1 <u>Authorised capital</u>		
100,000 shares in common stock of no par value		
12.2 <u>Issued, subscribed and paid-up capital</u>		
	As at December 31, 2019	As at December 31, 2018
30,027 shares in common stock of no par value	8,031,657	8,031,657
12.3 There is no movement in share capital during year ended December 31, 2019 and December 31, 2018.		
12.4 <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.		
12.5 All shares are held by Hexaware Technologies Limited, the holding company, since incorporation of the Company.		



HEXAWARE TECHNOLOGIES INC
NOTES TO STANDALONE FINANCIAL STATEMENTS

13 Trade payables

Amount in USD

	As at <u>December 31, 2019</u>	As at <u>December 31, 2018</u>
Trade payable	96,810,222	81,711,120
Accrued expenses	26,472,923	21,318,962
	<u>123,283,145</u>	<u>103,030,082</u>

14 Other financial liabilities

Amount in USD

	As at <u>December 31, 2019</u>	As at <u>December 31, 2018</u>
Current		
Capital creditors	899,201	-
Deferred consideration (refer note 32)	48,896,322	-
Employee liabilities payable	13,659,887	13,186,112
	<u>63,455,410</u>	<u>13,186,112</u>

15 Other current liabilities

Amount in USD

	As at <u>December 31, 2019</u>	As at <u>December 31, 2018</u>
Unearned revenues	2,950,309	2,831,106
Statutory liabilities	1,378,151	1,200,282
	<u>4,328,460</u>	<u>4,097,388</u>

16 Provisions - Others

Amount in USD

	As at <u>December 31, 2019</u>	As at <u>December 31, 2018</u>
Provision at the beginning of the year	-	29,004
Payment made during the year	-	-
Adjusted during the year	-	(29,004)
Provision at the end of the year	<u>-</u>	<u>-</u>

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



HEXAWARE TECHNOLOGIES INC
NOTES TO STANDALONE FINANCIAL STATEMENTS

17 Revenue from operations

(Amount in USD)

17.1 The disaggregated revenue with the customers by contract type:

	For the year ended	
	December 31, 2019	December 31, 2018
Onsite	71.41%	74.12%
Offshore	28.59%	25.88%
Total revenue from operations	100%	100%

17.2 The revenue from contracts as per geography is as under:

	For the year ended	
	December 31, 2019	December 31, 2018
North America	433,010,348	422,680,080
Europe	71,155,028	59,001,368
APAC	3,380,829	2,015,856
Total revenue from operations	507,546,205	483,727,325

17.3 Reconciliation of revenue recognised with the contracted price is as follows:

	For the year ended	
	December 31, 2019	December 31, 2018
Contracted price	525,649,003	500,349,489
Reductions towards variable consideration components (discounts, rebates)	(18,122,800)	(16,622,165)
Revenue recognised	507,526,203	483,727,324

17.4 Changes in unearned revenue are as follows:

	For the year ended	
	December 31, 2019	December 31, 2018
Balance at the beginning of the year	2,831,106	2,837,912
Revenue recognised during the year	(2,330,784)	(2,112,508)
Addition during the year	2,449,667	2,325,733
Balance as at 31 December 2019	2,850,369	2,831,106

17.5 Transaction price allocated to the remaining performance obligations

Particulars	As at 31, December	
	2019	2018
Within 1 Year	36,757,373	36,757,373
More than 1 Year	56,462,088	56,462,088

The Group has applied practical expedient and has not disclosed information about remaining performance obligations in contracts whose original contract duration is one year or less or where the entity has the right to consideration that corresponds directly with the value of entity's performance completed to date. The above revenue is subject to change in transaction price.



HEXAWARE TECHNOLOGIES INC
NOTES TO STANDALONE FINANCIAL STATEMENTS

Amount in USD

18 Other income	For year ended	
	December 31, 2019	December 31, 2018
Interest income	935,506	657,244
Profit on sale of fixed assets (net)	-	479
Miscellaneous income	10,333	43,413
	<u>945,839</u>	<u>701,136</u>

19 Software and development expenses	For year ended	
	December 31, 2019	December 31, 2018
Software expenses *	261,948,357	247,039,101
Other expenses	17,043,155	15,577,055
	<u>278,991,512</u>	<u>262,616,156</u>

* includes sub-contracting charges

258,282,519 245,137,472

Amount in USD

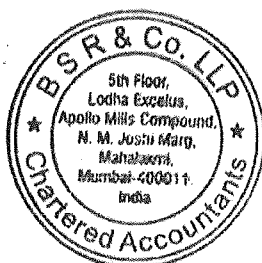
20 Employee benefits expense	For year ended	
	December 31, 2019	December 31, 2018
Salary and allowances	162,035,970	155,006,630
Contribution to other funds and benefits	24,340,500	23,824,024
Staff welfare expenses	1,649,549	1,727,362
Employee stock option compensation cost (Refer Note 33)	(451,535)	2,428,733
	<u>187,574,484</u>	<u>182,986,749</u>

Amount in USD

21 Operation and Other Expenses	For year ended	
	December 31, 2019	December 31, 2018
Rent	1,662,631	1,568,513
Rates and taxes	66,099	74,785
Travelling and conveyance	5,566,710	6,163,663
Electricity charges	25,036	28,193
Communication expenses	1,200,348	1,205,701
Repairs and maintenance	2,154,801	1,974,651
Printing and stationery	115,329	85,776
Payment to auditors	157,435	64,935
Legal and professional fees	2,613,429	468,696
Advertisement and business promotion	6,417	-
Seminar and conference expenses	2,372,726	2,312,955
Bank and other charges	107,628	74,073
Membership and Subscription charges	11,266	51,700
Insurance charges	398,521	408,685
Loss on sale of PPE (net)	-	29,002
Provision for doubtful accounts (net of write back)*	400,001	438,353
Staff recruitment expenses	1,182,188	805,582
Miscellaneous expenses	3,759,966	4,521,803
	<u>21,800,531</u>	<u>20,277,066</u>

* net of write backs

109,609 62,232



HEXAWARE TECHNOLOGIES INC
NOTES TO STANDALONE FINANCIAL STATEMENTS

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

23 **Employee Benefits:**
 The Company recognized USD 9,054,936 (Previous Year USD 8,780,035) 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.

24 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:

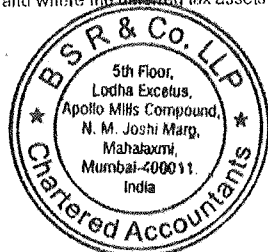
	Amount in USD	
	For year ended December 31, 2019	For year ended December 31, 2018
Profit before income-tax	17,156,032	17,397,127
Expected tax expense at the enacted tax rate in United States of America 26.53% for December 31, 2019 and 26.53% for December 31, 2018	4,551,495	4,615,458
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:		
Income exempt from tax	-	-
Tax effect of non-deductible expenses	150,340	145,883
Tax benefit items	(229,910)	(379,710)
Excess provision reversed	-	(302,207)
Taxes of earlier years	(485,065)	231,400
Impact of changes in rate of tax	-	-
Others	185,059	122,321
	<u>4,171,919</u>	<u>4,433,145</u>

25 **Deferred taxes**

	Amount in USD			
Components of deferred taxes : Particulars	January 1, 2019	Recognised in profit or loss	Recognised in equity	December 31, 2019
Deferred tax assets				
Provision for doubtful debts	197,000	106,000	-	303,000
Provision for employee benefits	3,347,000	13,000	-	3,360,000
Share based payments	1,778,000	(676,000)	(307,000)	795,000
Other provisions	113,000	43,000	-	156,000
Depreciation and amortisation	76,000	52,000	-	128,000
Interest on subsidiary loans	-	-	-	-
Net Deferred tax asset	<u>5,511,000</u>	<u>(462,000)</u>	<u>(307,000)</u>	<u>4,742,000</u>

	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	807,000	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	-	-	-	-
Net Deferred tax asset	<u>4,512,000</u>	<u>735,000</u>	<u>264,000</u>	<u>5,511,000</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.



HEAVENBIRD TECHNOLOGIES LTD
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26 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)	12,094,112	12,503,962
Weighted average outstanding equity shares considered for basic EPS (Nos.)	30,027	30,027
Basic and diluted earnings per share (USD)	402.41	416.74

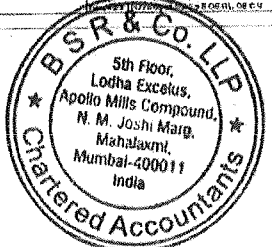
27 Related party relationships

27.1 Name of Related parties and description of relationship:

Ultimate Holding Company and R's and R's
 Bering Private Equity Asia Pte. Ltd. (Ultimate holding company) (control entity)
 The Bering Asia Private Equity Fund V, LP, Cayman Islands
 Bering Private Equity Asia Pte. Ltd. (Holding Company) (control entity)
 Bering Asia Pte. Ltd. (control entity)
 Holding Company (control entity)
 Heavenbird Technologies Limited, India
 Subsidiary
 Mobility Inc. (Acquired on 12th June 2019)
 Mobility Velocity Solutions, Inc. (Acquired on 13th June 2019)
 Mobility Velocity Services Ltd. (Acquired on 13th June 2019)
 Mobility BV (Acquired on 11th June 2019)
 Mangan Group BV (Acquired on 13th June 2019)
 Fellow Subsidiaries
 Heavenbird Technologies Canada Limited
 Heavenbird Technologies Asia Pacific Pte. Ltd., Singapore
 Heavenbird Technologies GmbH, Germany
 Heavenbird Technologies UK Limited, UK
 Heavenbird Technologies Mexico S. de RL. de CV., Mexico
 Heavenbird Technologies Do Brasil Ltda., Brazil
 Guangzhou Heavenbird Information Technology Company Limited, China
 Key Management Personnel
 Mr. R. Sridharan, Director and Chief Executive Officer of Holding Company
 Mr. P. R. Chandrasekar, Director
 Mr. Rav Vethayathan, Director

27.2 Transactions during the year

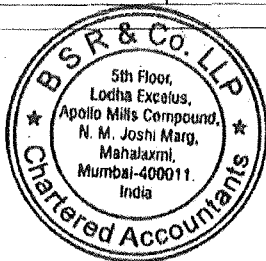
Type	Particulars	Name of Related Party And Nature of relationship	For Year ended	For Year ended
			December 31, 2018 USD	December 31, 2017 USD
1	Repayment of Capital	Holding Company (including share based payment of USD -451,635 in 2019 and USD 2,028,334 in 2018)	6,114,433	7,577,510
		Fellow Subsidiaries		
		Heavenbird Technologies Mexico S. de RL. de CV.	6,653,182	5,370,920
		Heavenbird Technologies Canada Ltd	507,114	116,155
		Heavenbird Technologies Asia Pacific Pte Ltd	134,181	183,031
		Heavenbird Technologies UK Limited, UK	3,814,103	3,428,819
		Heavenbird Technologies Ltd Hong Kong	8,016	2,358
2	Employee remuneration charges	Holding Company	(55,451)	597,911
		Fellow Subsidiaries		
		Heavenbird Technologies Mexico S. de RL. de CV.	11,163,197	10,127,959
		Heavenbird Technologies Canada Ltd	2,374,590	3,060,921
		Heavenbird Technologies Ltd Hong Kong	225,859	215,531
		Heavenbird Technologies Hensha S. de RL. de CV.	83,418	113,743
		Heavenbird Information Technologies (Shanghai) Co. Ltd	27,945	8,249
3	Receiving of Dividend	Guangzhou Heavenbird Information Technology Company Limited, China	-	42,468
		Mr. R. Sridharan (including share based payment of USD 200,514 in 2018 and 111 in 2019)	1,457,438	1,224,733
		Mr. Rav Vethayathan	427,652	680,949
		Fellow Subsidiaries		
		Heavenbird Technologies GmbH	2,782,600	-
		Heavenbird Technologies Asia Pacific Pte Ltd	1,403,600	-
		Heavenbird Technologies UK LTD	2,189,400	-
4	Loan taken	Subsidiaries		
		Mobility Inc	4,150,620	-
5	Loan repaid	Subsidiaries		
		Mobility BV	1,412,700	-
6	Borrowing of funds	Holding Company	140,975	-
		Fellow Subsidiaries		
7	Repayment of Dividend	Heavenbird Technologies GmbH	37,834	-
		Heavenbird Technologies Asia Pacific Pte Ltd	116,555	-
8	Rebate and Commodity Income (Receiving of Dividend)	Holding Company	2,340,830	1,051,709
		Fellow Subsidiaries		
9	Investment Acquisition during year	Mobility Services Inc. (USA)	182,113,907	-
		Holding Company	181,415	402,469
10	Recovery of Cost of Acquisition	Fellow Subsidiaries		
		Heavenbird Technologies UK Limited, UK	7,42,018	537,409
		Heavenbird Technologies Canada Ltd	214,561	109,046
		Heavenbird Technologies Asia Pacific Pte Ltd	83,815	83,141
		Heavenbird Technologies Ltd Hong Kong	45,279	110,072
		Guangzhou Heavenbird Information Technology Company Limited, China	37,688	19,710



HEXAWARE TECHNOLOGIES INC
NOTES TO STANDALONE FINANCIAL STATEMENTS

27.3 Closing Balances

Particular	Nature of relationship	Amount in USD	
		As at 31st December, 2019 US \$	As at 31st December, 2018 US \$
Trade Receivable	Holding Company Follow Subsidiaries	1,373,592	246,890
Advances	Holding Company	70,571	69,939
	Follow Subsidiaries		
	Hexaware Technologies UK Limited., UK	64,314	142,607
	Hexaware technologies GmbH	40,379	
	Hexaware Technologies Mexico S.OE RL DE C.V	38,280	22,655
Other Receivable	Holding Company	9,309	-
Investment in equity (refer note 6)	Subsidiaries		
	Hexaware Technologies Mexico S.DE RL DE C.V	274	274
	Mobiquity Inc	182,113,607	-
Loans payable including accrued interest	Follow Subsidiaries		
	Hexaware technologies GmbH	2,805,000	-
	Hexaware Technologies Asia pacific Pte LTD	7,516,965	-
	Hexaware Technologies UK LTD	5,937,300	-
	Subsidiaries		
	Mobiquity Inc	4,850,000	-
	Mobiquity BV	1,552,000	-
Trade Payable	Holding Company	59,332,159	54,621,874
	Follow Subsidiaries		
	Hexaware Technologies Mexico S DE RL DE C.V	4,769,680	4,292,607
	Hexaware Technologies UK Limited., UK	855,393	1,285,281
	Hexaware Technologies Canada Ltd	2,037,882	1,403,159
	Hexaware Technologies Asia pacific Pte Ltd	15,598	41,630
	Guangzhou Hexaware Information Technologies Company Limited, China	-	6,664
	Hexaware Technologies Romania SRL	-	113,743
	Hexaware Information Technologies (Shanghai) co. Ltd	6,541	6,618
	Hexaware Technologies Ltd Hongkong	23,194	90,005
	Hexaware technologies GmbH	96,915	-
Other Payable	Holding Company	13,237,143	10,932,448
Payable to/ Provision for KMP/ director	KMP		
	Mr. R. Srikishna	480,850	479,213
	Mr. Ravi Vaidyanathan	215,897	214,458



HEXAWARE TECHNOLOGIES INC
NOTES TO STANDALONE FINANCIAL STATEMENTS

20 Financial Instruments

28.1 The carrying value / fair value of financial instruments by categories is as follows: Amount in USD

December 31, 2019	Amortised Cost	Fair value through other comprehensive income	Derivative instrument in hedging relationship	Total carrying / fair value
Cash and cash equivalents	14,119,638	-	-	14,119,638
Loans- Security deposits	59,357	-	-	59,357
Trade receivables	77,599,956	-	-	77,599,956
Unbilled receivables	28,700,249	-	-	28,700,249
Other financial assets	473,574	-	-	473,574
	120,852,774	-	-	120,852,774
Trade payables	123,283,146	-	-	123,283,146
Borrowings	42,703,747	-	-	42,703,747
Other financial liabilities	63,455,410	-	-	63,455,410
	229,442,302	-	-	229,442,302

December 31, 2018	Amortised Cost	Fair value through other comprehensive income	Derivative instrument in hedging relationship	Total carrying / fair value
Cash and cash equivalents	77,112,120	-	-	77,112,120
Loans- Security deposits	97,201	-	-	97,201
Trade receivables	73,480,584	-	-	73,480,584
Unbilled revenue	28,851,410	-	-	28,851,410
Other financial assets	301,576	-	-	301,576
	179,122,897	-	-	179,122,897
Trade payables	163,030,082	-	-	163,030,082
Other financial liabilities	13,188,112	-	-	13,188,112
	116,216,194	-	-	116,216,194

Curr : - US \$

28.2 Financial Instruments

A Category of financial instrument

1 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. Differences between carrying amounts and fair values of, unbilled receivables and other financial assets subsequently measured at amortised cost is not significant in each of the periods 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 techniques

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

28.3 Financial risk management

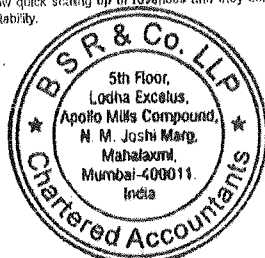
The Company has identified the risks under various like client concentration risk, credit risk and liquidity risk. The Company has formulated policies, procedures and strategies for managing risks which is affirmed by global CEO and CFO, after consultation with all business units, functions and department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

Client concentration risk

Approximately 65% of the revenue of 2019 is generated from top 10 clients (Year 2018 - 67%). 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 mixing 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.



20 Financial Instruments (cont'd)

20.3 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 77,999,950 and USD 73,766,584 as at December 31, 2019 and December 31, 2018 respectively and unbilled receivables of USD 29,700,249 and 26,051,410 us at December 31, 2019 and December 31, 2018 respectively.

We have adopted an effective receivable management system to control the Days' Sales Outstanding (DSO). Refer Note No.9 for the age wise analysis of trade receivables that are not due as well as past due and credit impaired.

Top 10 customer dues contribute 59% of the total outstanding as at December 31, 2019 (67% as at December 31, 2018).

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 (Fluctuation) risk

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

	Amount in USD			
	CAD	EUR	GBP	Others*
The following table analyses foreign currency risk from financial instruments as at December 31, 2019:				
Net financial assets	5,263,756	-	1,077,276	116,755
Net financial liabilities	2,046,742	4,084,165	5,792,674	15,598
Net assets/(liabilities)	3,217,013	(4,084,165)	(6,716,397)	101,157

	Amount in USD			
	CAD	EUR	GBP	Others*
The following table analyses foreign currency risk from financial instruments as at December 31, 2018:				
Net financial assets	3,976,460	-	1,117,345	-
Net financial liabilities	1,436,040	45,663	1,295,261	113,685
Net assets/(liabilities)	2,539,429	(45,663)	(187,936)	(113,685)

10% depreciation/appreciation of the respective foreign currencies vis-a-vis functional currency of the Company and its subsidiaries would result in the increase/decrease in Company's profit before tax approximately by USD 646,139 and USD 221,114 for the year ended December 31, 2019 and December 31, 2018, respectively.

*Others include currencies such as Singapore Dollars, Australian Dollars etc.

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 a significant 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, 2019, the Company had cash and cash equivalents of USD 14,119,638 (as at December 31, 2018 USD 77,112,128) which constitutes approximately 4.46% of our total assets (2018 - 40.44%).

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

As at December 31, 2019	(Amount in USD)		
	Less than 1 year	1-2 years	Total
Borrowings	22,079,036	20,024,711	42,703,747
Trade and other payables	123,283,145	-	123,283,145
Other financial liabilities	63,455,410	-	63,455,410
Total	209,417,591	20,024,711	229,442,302

As at December 31, 2018	Total		
	Less than 1 year	1-2 years	Total
Borrowings	-	-	-
Trade and other payables	103,030,082	-	103,030,082
Other financial liabilities	15,188,112	-	15,188,112
Total	118,218,194	-	118,218,194

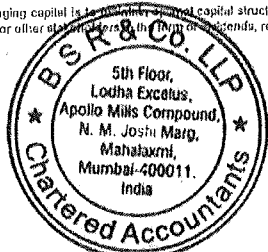
Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates. The balance with banks is in the form of fixed interest rate deposits.

1% increase/decrease in LIBOR rate would result in the decrease / increase in Company's profit before tax approximately by USD 326,736 and Nil for the year ended December 31, 2019 and December 31, 2018 respectively

Capital management

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



HEXAWARE TECHNOLOGIES INC
NOTES TO STANDALONE FINANCIAL STATEMENTS

29 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)

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.

For geographical wise revenue refer note 17.2

Year ended December 31, 2019						Amount in USD
	T & T	BFS	H & I	M&C	PS	Total
Revenue	43,636,372	245,621,479	77,898,377	64,471,401	75,898,574	507,526,202
Expenses	(41,989,051)	(236,348,996)	(74,957,627)	(62,037,534)	(73,033,319)	(488,366,527)
Segment Profit	1,647,321	9,272,482	2,940,750	2,433,867	2,865,255	19,159,675
Less: Depreciation and amortisation expenses						(1,314,821)
Less: Exchange rate differences (net)						(318,349)
Add: Other income						945,839
Less: Finance cost						(1,316,312)
Profit Before Tax						17,156,032
Tax expense						(4,171,919)
Profit after tax						<u>12,984,113</u>

Year ended December 31, 2018						Amount in USD
	T & T	BFS	H & I	M&C	PS	Total
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 (net)						(316,410)
Add: Other income						701,136
Less: Finance cost						(1,776)
Profit Before Tax						17,397,127
Tax expense						4,433,145
Profit after tax						<u>12,963,982</u>



HEXAWARE TECHNOLOGIES INC
NOTES TO STANDALONE FINANCIAL STATEMENTS

29 Segment disclosures (Cont'd)

29.1 Customer information

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

Customer	Segment	Amount in USD	
		For year ended	
		December 31, 2019	December 31, 2018
Customer A	BFS	75,349,791	89,259,209
Customer B	BFS	73,495,883	72,255,997
Customer C	PS	65,130,327	53,508,584

30 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 1,662,631 (Previous Year USD 1,568,513).

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, 2019	Total Minimum Lease Payments Outstanding as on December 31, 2018
Not later than one year	1,547,718	1,281,091
Later than one year but not later than five years	4,856,976	4,358,051
Later than 5 years	59,297	2,241,761
	6,463,991	7,880,903

31 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

32 Deferred Consideration

The Company on June 13, 2019 acquired 100% equity in Mobiquity Inc. and its certain subsidiaries (together referred to as Mobiquity), for consideration of USD 182,113,881 out of which USD 48,896,322 deferred consideration payable in future periods (year 2020).



HEXAWARE TECHNOLOGIES INC
NOTES TO STANDALONE FINANCIAL STATEMENTS.

33 Share Based Compensation

a) The Nomination and Remuneration Committee ("Committee") of the Holding Company administers the stock options plans viz. ESOP 2007, 2008 and 2016 plan. Under the plans, the employees of the holding company as well as its subsidiaries are granted options/ Restricted Stock Options (RSU) entitling them to one equity share of Rs 2/- each for each option granted. Exercise price is the market price of the shares of the holding company at the grant date or the price determined by the Committee. During the year, the holding company modified the vesting period. The modification did not have material impact. The Options / RSU's vest over a period of 1 to 6 years from the date of grant on the basis of service period and/or achievement of performance conditions. The maximum time available to exercise upon vesting is 6 years.

b) The particulars of number of options granted and lapsed under the aforementioned Schemes are tabulated below

Particulars	ESOP - 2007		ESOP - 2016		Total	
	Options (nos.)	Weighted ex. Price per share (Rs.)	RSU's (nos.)	Weighted ex. Price per share (Rs.)	Options/ RSU's (nos.)	Weighted ex. Price per share (Rs.)
Outstanding at the beginning of the year	-	-	4,218,309	2.00	4,218,309	2.00
	(102,500)	(66.79)	(4,683,135)	(2.00)	(4,785,635)	(3.39)
Granted during year	-	-	1,474,034	2.00	1,474,034	2.00
	-	-	(139,986)	(2.00)	(139,986)	(2.00)
Exercised during the year	-	-	684,632	2.00	684,632	2.00
	(16,500)	(88.81)	(2,232)	(2.00)	(18,732)	(80.69)
Lapsed during the year	-	-	954,560	2.00	954,560	2.00
	(86,000)	(66.44)	(602,580)	(2.00)	(688,580)	(10.05)
Outstanding at the year end	-	-	4,152,951	2.00	4,152,951	2.00
	-	-	(4,218,309)	(2.00)	(4,218,309)	(2.00)
Exercisable as at the year end	-	-	319,402	2.00	319,402	2.00
	-	-	(102,872)	(2.00)	(102,872)	(2.00)

Previous year figures are given in bracket

c) The weighted average share price of options exercised on the date of exercise was Rs. 348.44 per share and Rs. 398.54 per share for the year ended December 31, 2019 and December 31, 2018 respectively.

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

Range of exercise price	As at 31 December 2019		As at 31 December 2018	
	Options/ RSU's (Nos)	Life	Options/ RSU's (Nos)	Life
2	4,152,951	32	4,218,309	30
Total	4,152,951		4,218,309	

e) The fair values of the RSU's granted in year 2019 and 2018 are determined using Black Scholes Option pricing model using following assumptions:

Particulars	Year 2019	Year 2018
Weighted Average fair value (Rs.)	345.91	418.10
Weighted Average share price (Rs.)	370.32	446.05
Dividend Yield (%)	2.16 - 2.31	1.59 - 2.17
Expected Life (years)	1.39 - 4.94	2.52 - 4.08
Risk free interest rate (%)	5.97 - 6.67	7.09 - 7.90
Volatility (%)	35.00 - 41.18	33.55 - 36.91

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



HEXAWARE TECHNOLOGIES INC

NOTES TO STANDALONE FINANCIAL STATEMENTS

34 Material events after Balance Sheet date

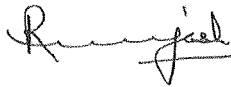
There is no significant event after reporting date which requires adjustments or disclosure to the financial statements.

35 Approval of the Financial statement

The financial statements were approved for issue by the Board of Directors on February 11, 2020.

As per our report of even date attached

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



Rajesh Mehra
Partner
Membership number: 103145
Date : February 11, 2020
Place : Mumbai

For and on behalf of the Board



R. Srinishna
Director
Date : February 11, 2020
Place : Mumbai

Quality Checks	Completed
Spelling/diction/comparison	✓
Indexing/pagination/paras	✓
Calculation/ arithmetical accuracy/rounding off errors	✓
Done by:	
Name and Designation	Deepak Saini
Signature and Date	<i>Deepak Saini</i> - 11/2/20
Engagement Partner Name:	