

Independent Auditor's Report

To the Members of Hexaware Technologies Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Hexaware Technologies Limited (the "Company") which comprise the standalone balance sheet as at December 31, 2022, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at December 31, 2022, and its profit and other comprehensive income, 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) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

Other Information

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's directors' report, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to



the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are

appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of standalone financial statements 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 standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone 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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- 2 A. As required by Section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
 - e. On the basis of the written representations received from the directors as on December 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2022 from being appointed as a director in terms of Section 164(2) of the Act.
 - f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - a. The Company has disclosed the impact of pending litigations as at December 31, 2022 on its financial position in its standalone financial statements - Refer Note 33 to the standalone financial statements.
 - b. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note 36 (A) to the standalone financial statements.
 - c. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - d (i) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:
 - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or
 - provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.



- (ii) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall:
- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties (“Ultimate Beneficiaries”) or
 - provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (iii) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) above contain any material misstatement.
- e. The interim dividend declared and paid by the Company during the year and until the date of this audit report is in accordance with Section 123 of the Act.
- C. With respect to the matter to be included in the Auditor’s Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the remuneration paid/payable by the Company to its directors during the current period/year is in accordance with the provisions of Section 197 of the Act. The remuneration paid/payable to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For **BSR & Co. LLP**
Chartered Accountants
 Firm’s Registration
 No.:101248W/W-100022

Jaclyn Desouza
Partner
 Membership No.: 124629
 ICAI UDIN:
 23124629BGYTGC5779

Place: Mumbai
 Date: February 08, 2023

Annexure A

to the Independent Auditor's Report on the Standalone Financial Statements of Hexaware Technologies Limited for the year ended December 31, 2022

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (i) (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified in a phased manner over a period of three years. In accordance with this programme, certain property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than immovable properties where the Company is the lessee and the leases agreements are duly executed in favour of the lessee) disclosed in the standalone financial statements are held in the name of the Company, except for the following which are not held in the name of the Company:
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The Company is a service company, primarily rendering information technology and related services. Accordingly, it does not hold any physical inventories. Accordingly, clause 3(ii)(a) of the Order is not applicable.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been sanctioned working capital limits in excess of five crores rupees, in aggregate, from banks on the basis of security of current assets. According to the information and explanations given to us, no quarterly returns or statements are required to be filed by the Company with the bank for such working capital loan.

Description of property	Carrying value (₹ in million)	Held in the name of	Whether promoter, director or their relative or employee	Period held-indicate range, where appropriate	Reason for not being held in the name of the Company. Also indicate if in dispute
Leasehold land at Nagpur	76.31	Maharashtra Airport Development Company Limited (MADC), Nagpur	No	November 2007	Lease agreement pending to be executed



(iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not provided security or loans or advances in the nature of loans, secured or unsecured to companies, firms, limited liability partnership or any other parties during the year. The Company has made investments and provided guarantee to company in respect of which the requisite information is as below. The Company has not made any investments and not provided any guarantee to firms, limited liability partnership or any other parties.

(a) Based on the audit procedures carried on by us and as per the information and explanations given to us the Company has provided loans or provided advances in the nature of loans, or stood guarantee, or provided security to any other entity as below:

Particulars	(₹ in million)			
	Guarantees	Security	Loans	Advances in nature of loans
Aggregate amount during the year	2,706	-	-	-
Subsidiary				
Balance outstanding as at balance sheet date	2,876	-	-	-
Subsidiaries				

(b) According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion the investments made and gurantees provided during the year, prima facie, not prejudicial to the interest of the Company.

(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion the company has not given any loans or advance in the nature of loan to any party during the year and there are no existing loan or advances in the nature of loan. Accordingly, provisions of clause 3(iii)(c) to 3(iii)(e) of the Order is not applicable to the Company.

(f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans or advances in the nature of loans

either repayable on demand or without specifying any terms or period of repayment.

(iv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not given any loans, or provided any guarantee or security as specified under Section 185 and 186 of the Companies Act, 2013 ("the Act"). In respect of the investments made by the Company, in our opinion the provisions of Section 186 of the Act have been complied with.

(v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.

(vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act for the services provided by it. Accordingly, clause 3(vi) of the Order is not applicable.

(vii) (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective July 01, 2017, these statutory dues has been subsumed into GST.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax or other statutory dues have generally been regularly deposited with the appropriate authorities, though there have been slight delays in a few cases of provident fund and income-tax.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax or other statutory dues were in arrears as at December 31, 2022 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, statutory dues relating to Goods and Service Tax, Provident Fund, Employees

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State Insurance, Income-Tax or other statutory dues which have not been deposited on account of any dispute are as follows:

Name of the statute	Nature of the dues	Amount (₹ in million)	Period to which the amount relates	Forum where dispute is pending	Remarks, if any
Income-tax Act, 1961	Income-tax	2.76	Financial year 2010-11	Commissioner of Income Tax (Appeals)	

- (viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of borrowing or in the payment of interest thereon to any lender.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.
- (c) According to the information and explanations given to us by the management, the Company has not obtained any term loans during the year. Accordingly, clause 3(ix)(c) of the Order is not applicable.
- (d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) According to the information and explanations given to us and on an overall examination of the standalone financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries as defined under the Act. The Company does not hold any investment in any associate or joint venture (as define under the Act) during the year ended December 31, 2022.
- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries (as defined under the Act). The Company does not hold any investment in any associate or joint venture (as define under the Act) during the year ended December 31, 2022.
- (x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) Accordingly, clause 3(x)(a) of the Order is not applicable.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.
- (xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the course of the audit.
- (b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.



- (xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports of the Company issued till date for the period under audit.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.
- (xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.
- (b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.
- (d) The Company is not part of any group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016 as amended). Accordingly, the requirements of clause 3(xvi)(d) are not applicable.
- (xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) (a) According to the information and explanations given to us, the Company has transferred unspent amount in respect of other than ongoing projects to a Fund specified in Schedule VII to the Act within a period of six months of the expiry of the financial year in compliance with second proviso to sub-section (5) of section 135 of the said Act.
- (b) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any ongoing project. Accordingly, clause 3(xx)(b) of the Order is not applicable.

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

Jaclyn Desouza
Partner

Place: Mumbai
 Date: February 08, 2023

Membership No.: 124629
 ICAI UDIN:
 23124629BGYTGC5779

Annexure B

to the Independent Auditor's Report on the standalone financial statements of Hexaware Technologies Limited for the year ended December 31, 2022

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Hexaware Technologies Limited ("the Company") as of December 31, 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at December 31, 2022, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's and Board of Directors' Responsibilities for Internal Financial Controls

The Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

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

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

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



Meaning of Internal Financial Controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

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

Jaclyn Desouza
Partner
Membership No.: 124629
ICAI UDIN:
23124629BGYTGC5779

Place: Mumbai
Date: February 08, 2023

Standalone Balance Sheet

(₹ in million, except share and per share data, unless otherwise stated)

	Note No.	As at December 31, 2022	As at December 31, 2021	As at December 31, 2022 Supplementary information convenience translation (See Note 2.2) (in USD million)
ASSETS				
Non-current assets				
Property, plant and equipment	5	5,410	5,506	65.4
Capital work-in-progress	5	72	130	0.9
Right-of-use assets	4	2,702	2,748	32.7
Goodwill	6	115	-	1.4
Other intangible assets	8	123	54	1.5
Financial assets:				
Investments	9A	5,206	4,544	62.9
Other financial assets	11A	398	548	4.8
Deferred tax assets (net)	10C	1,406	1,353	17.0
Income tax assets (net)		342	290	4.1
Other non-current assets	12A	261	125	3.2
Total non-current assets		16,035	15,298	193.9
Current assets				
Financial assets:				
Investments	9B	-	1,224	-
Trade receivables				
Billed	13	9,163	7,549	110.8
Unbilled		2,829	1,732	34.2
Cash and cash equivalents	14A	6,698	8,056	81.0
Other bank balances	14B	112	115	1.4
Other financial assets	11B	210	758	2.5
Other current assets	12B	1,380	928	16.7
Total current assets		20,392	20,362	246.6
TOTAL ASSETS		36,427	35,660	440.5
EQUITY AND LIABILITIES				
Equity				
Equity share capital	15	604	603	7.3
Other equity		26,105	26,150	315.6
Total equity		26,709	26,753	322.9
Non-current liabilities				
Financial liabilities:				
Lease liabilities	27	2,122	2,149	25.7
Other financial liabilities	16A	274	3	3.3
Provisions				
Employee benefit obligations in respect of gratuity and others		649	1,008	7.8
Other non-current liabilities	18A	-	3	-
Total non-current liabilities		3,045	3,163	36.8
Current liabilities				
Financial liabilities:				
Lease liabilities	27	290	230	3.5
Trade payables				
Dues of micro enterprises and small enterprises	32	24	40	0.3
Dues of other than micro enterprises and small enterprises	17	2,594	2,682	31.4
Other financial liabilities	16B	1,944	1,197	23.5
Other current liabilities	18B	849	749	10.3
Provisions				
Employee benefit obligations in respect of compensated absences and others		675	529	8.2
Income tax liabilities (net)		297	317	3.6
Total current liabilities		6,673	5,744	80.8
Total liabilities		9,718	8,907	117.6
TOTAL EQUITY AND LIABILITIES		36,427	35,660	440.5

The accompanying notes 1 to 36 form an integral part of the Standalone financial statements.

As per our report of even date attached

For B S R & Co. LLP

Chartered Accountants

Firms' registration number:101248W/W-100022

For and on behalf of the Board of Directors of HEXAWARE TECHNOLOGIES LIMITED

CIN: U72900MH1992PLC069662

Jaclyn Desouza

Partner

Membership number: 124629

Place: Mumbai

Date: February 08, 2023

Neeraj Bharadwaj

Director

DIN 01314963

Place: New York

Date: February 08, 2023

Kapil Modi

Director

DIN 07055408

Place: New York

Date: February 08, 2023

R. Srikrishna

CEO & Executive Director

DIN 03160121

Place: New York

Date: February 08, 2023

Milind Sarwate

Independent Director

DIN 00109854

Place: Mumbai

Date: February 08, 2023

Vikash Kumar Jain

Chief Financial Officer

Place: Mumbai

Date: February 08, 2023

Gunjan Methi

Company Secretary

Place: Mumbai

Date: February 08, 2023



Standalone Statement of Profit and Loss

(₹ in million, except share and per share data, unless otherwise stated)

	Note No.	For the year ended December 31, 2022	For the year ended December 31, 2021	For the year ended December 31, 2022 Supplementary information convenience translation (See Note 2.2) (in USD million)
INCOME				
Revenue from operations	19	41,013	32,167	495.8
Other income	20	1,684	679	20.4
TOTAL INCOME		42,697	32,846	516.2
EXPENSES				
Employee benefits expense	21	22,706	16,892	274.5
Finance costs	23	254	218	3.1
Depreciation and amortisation expense	24	1,254	1,203	15.2
Other expenses	22	9,893	7,272	119.6
TOTAL EXPENSES		34,107	25,585	412.4
PROFIT BEFORE SHARE IN PROFIT OF ASSOCIATE AND TAX		8,590	7,261	103.8
Share in profit of associate (Net of tax)		-	-	
PROFIT BEFORE TAX		8,590	7,261	103.8
Tax expense				
Current tax	10A	1,529	1,301	18.5
Deferred tax charge/(credit)	10A	162	87	2.0
Total tax expense		1,691	1,388	20.5
PROFIT FOR THE YEAR		6,899	5,873	83.3
OTHER COMPREHENSIVE INCOME (OCI)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plan	29	(57)	159	(0.7)
Income tax relating to items that will not be reclassified to profit or loss	10A	12	(29)	0.1
Items that will be reclassified subsequently to profit or loss				
Net change in fair value of cash flow hedges		(994)	366	(12.0)
Income tax relating to items that will be reclassified to profit or loss	10A	203	(80)	2.5
TOTAL OTHER COMPREHENSIVE INCOME		(836)	416	(10.1)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		6,063	6,289	73.2
Earnings per equity share:- Basic and diluted (₹)				
Basic	25	22.87	19.50	0.28
Diluted		22.68	19.33	0.27

The accompanying notes 1 to 36 form an integral part of the Standalone financial statements.

As per our report of even date attached

For B S R & Co. LLP

Chartered Accountants

Firms' registration number:101248W/W-100022

For and on behalf of the Board of Directors of HEXAWARE TECHNOLOGIES LIMITED

CIN: U72900MH1992PLC069662

Jaclyn Desouza

Partner

Membership number: 124629

Place: Mumbai

Date: February 08, 2023

Neeraj Bharadwaj

Director

DIN 01314963

Place: New York

Date: February 08, 2023

Milind Sarwate

Independent Director

DIN 00109854

Place: Mumbai

Date: February 08, 2023

Kapil Modi

Director

DIN 07055408

Place: New York

Date: February 08, 2023

Vikash Kumar Jain

Chief Financial Officer

Place: Mumbai

Date: February 08, 2023

R. Srikrishna

CEO & Executive Director

DIN 03160121

Place: New York

Date: February 08, 2023

Gunjan Methi

Company Secretary

Place: Mumbai

Date: February 08, 2023

Standalone Statement of Changes in Equity

A. Equity Share Capital

(₹ in million, except share and per share data, unless otherwise stated)

Balance as at January 01, 2022	Changes in equity share capital due to prior period errors	Restated balance as at January 01, 2022	Changes in equity share capital during the year ¹	Balance as at December 31, 2022
603	-	603	1	604

Balance as at January 01, 2021	Changes in equity share capital due to prior period errors	Restated balance as at January 01, 2021	Changes in equity share capital during the year ¹	Balance as at December 31, 2021
603	-	603	-	603

B. Other Equity

(₹ in million, except share and per share data, unless otherwise stated)

	Reserves and surplus								Other comprehensive income	Total equity
	Share application money pending allotment	Securities premium	Capital reserve	Capital redemption reserve	SEZ Re-investment reserve	Share options outstanding account	General reserve	Retained earnings	Cashflow hedging reserve (CFHR)	
Balance as at January 01, 2022	^	4,587	4	11	504	319	2,118	18,070	537	26,150
Profit for the year	-	-	-	-	-	-	-	6,899	-	6,899
Other comprehensive income (net of tax)	-	-	-	-	-	-	-	(45)	(791)	(836)
Total comprehensive income	^	-	-	-	-	-	-	6,854	(791)	6,063
Dividend	-	-	-	-	-	-	-	(6,637)	-	(6,637)
Transfer to Special Economic Zone re-investment reserve	-	-	-	-	262	-	-	(262)	-	-
Transfer from Special Economic Zone re-investment reserve	-	-	-	-	(44)	-	-	44	-	-
Received/transferred on exercise of stock options	-	174	-	-	-	(174)	-	-	-	-
Repurchase of restricted stock units ²	-	-	-	-	-	210	-	-	-	210
Compensation related to employee share based payments	-	-	-	-	-	319	-	-	-	319
Balance as at December 31, 2022	^	4,761	4	11	722	674	2,118	18,069	(254)	26,105
Balance as at December 31, 2022 (in USD million)	^	57.6	-	0.1	8.7	8.1	25.6	218.4	(3.1)	315.6
Balance as at January 01, 2021	^	4,290	4	11	380	825	2,118	14,600	251	22,479
Profit for the year	-	-	-	-	-	-	-	5,873	-	5,873
Other comprehensive income/(losses) (net of tax)	-	-	-	-	-	-	-	130	286	416
Total comprehensive income	^	4,290	4	11	380	825	2,118	20,603	537	28,768
Dividend	-	-	-	-	-	-	-	(2,409)	-	(2,409)
Received/transferred on exercise of stock options	-	297	-	-	-	(297)	-	-	-	-
Transfer to Special Economic Zone re-investment reserve	-	-	-	-	626	-	-	(626)	-	-
Transfer from Special Economic Zone re-investment reserve	-	-	-	-	(502)	-	-	502	-	-
Repurchase of restricted stock units ²	-	-	-	-	-	(1,097)	-	-	-	(1,097)
Compensation related to employee share based payments	-	-	-	-	-	888	-	-	-	888
Balance as at December 31, 2021	^	4,587	4	11	504	319	2,118	18,070	537	26,150

Notes

1. Refer to note 15

2. Refer to note 28

3. ^ is less than 1 million

Standalone Statement of Changes in Equity

Nature and purpose of reserves

a. Securities premium

Securities premium is used to record the premium received on issue of shares to be utilised in accordance with the provisions of the Companies Act, 2013 (the Act).

b. Capital reserve

Capital reserve represent reserve on amalgamation.

c. Capital redemption reserve

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

d. Special Economic Zone re-investment reserve

The Special Economic Zone (SEZ) re-investment reserve is created out of the profit of eligible SEZ units in terms of the provisions of section 10AA(1) (ii) of the Income-tax Act, 1961. The reserve will be utilised by the Company for acquiring new plant & machinery for the purpose of its business as per the terms of section 10AA(2) of Income-tax Act, 1961.

e. Share option outstanding account

Share option outstanding account is used to record the value of equity-settled share based payment transactions with employees. The amounts recorded in this account are transferred to securities premium upon exercise of stock options by employees.

f. General reserve

General reserve represents appropriation of profits by the Company.

g. Cash flow hedging reserve (CFHR)

The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. Such gains or losses will be reclassified to standalone statement of profit and loss in the period in which the underlying hedged transaction occurs.

h. Retained earnings

Retained earnings comprise of the accumulated undistributed earnings.

The accompanying notes 1 to 36 form an integral part of the Standalone financial statements.

As per our report of even date attached

For B S R & Co. LLP

Chartered Accountants

Firms' registration number:101248W/W-100022

Jaclyn Desouza

Partner

Membership number: 124629

Place: Mumbai

Date: February 08, 2023

For and on behalf of the Board of Directors of HEXAWARE TECHNOLOGIES LIMITED

CIN: U72900MH1992PLC069662

Neeraj Bharadwaj

Director

DIN 01314963

Place: New York

Date: February 08, 2023

Milind Sarwate

Independent Director

DIN 00109854

Place: Mumbai

Date: February 08, 2023

Kapil Modi

Director

DIN 07055408

Place: New York

Date: February 08, 2023

Vikash Kumar Jain

Chief Financial Officer

Place: Mumbai

Date: February 08, 2023

R. Srikrishna

CEO & Executive Director

DIN 03160121

Place: New York

Date: February 08, 2023

Gunjan Methi

Company Secretary

Place: Mumbai

Date: February 08, 2023

Standalone Statement of Cash Flows

(₹ in million, except share and per share data, unless otherwise stated)

	For the year ended December 31, 2022	For the year ended December 31, 2021	For the year ended December 31, 2022 Supplementary information convenience translation (See Note 2.2) (in USD million)
Cash flow from operating activities			
Profit before tax	8,590	7,261	103.8
Adjustments for:			
Depreciation and amortisation expense	1,254	1,203	15.2
Employee stock option compensation cost	262	80	3.2
Interest income	(61)	(18)	(0.7)
Life time expected credit loss	(37)	61	(0.4)
Net gain on investments carried at fair value through profit or loss	(280)	-	(3.4)
Gains on redemption/sale of Investments	(30)	(29)	(0.4)
Profit on sale of property, plant and equipment (PPE) (net)	(3)	(6)	-
Exchange rate difference (net) – unrealised	18	(41)	0.2
Finance costs	254	218	3.1
Provision for impairment in the value of investment (Refer to note - 9)	27	-	0.3
Operating profit before working capital changes	9,994	8,729	120.9
Adjustments for:			
Trade receivables and other assets	(2,538)	1,356	(30.6)
Trade payables, other liabilities and provisions	(56)	1,038	(0.7)
Cash generated from operations	7,400	11,123	89.6
Direct taxes paid (net)	(1,601)	(1,177)	(19.4)
Net cash generated from operating activities	5,799	9,946	70.2
Cash flow from investing activities			
Purchase of PPE and intangible assets including CWIP and capital advances	(831)	(523)	(10.0)
Proceeds from sale of property, plant and equipment	3	7	-
Purchase of investments	(7,800)	(4,600)	(94.3)
Proceeds from sale/redemption of investments	9,054	3,373	109.4
Investment in Debentures	(385)	(2,230)	(4.7)
Investment in subsidiaries	(24)	(2)	(0.3)
Payment for acquisition of business	(57)	-	(0.7)
Interest received	62	18	0.7
Net cash (used in)/generated from investing activities	22	(3,957)	0.1



Standalone Statement of Cash Flows

(₹ in million, except share and per share data, unless otherwise stated)

	For the year ended December 31, 2022	For the year ended December 31, 2021	For the year ended December 31, 2022 Supplementary information convenience translation (See Note 2.2) (in USD million)
Cash flow from financing activities			
Proceeds from issue of shares/share application money (net)	1	3	-
Repurchase of restricted stock units	-	(423)	-
Payment of lease liabilities	(491)	(413)	(5.9)
Interest paid	(34)	(3)	(0.4)
Dividend paid	(6,637)	(2,410)	(80.2)
Net cash used in financing activities	(7,161)	(3,246)	(86.5)
Net increase in cash and cash equivalents	(1,340)	2,743	(16.2)
Cash and cash equivalents at the beginning of the year	8,056	5,273	97.4
Exchange difference on translation of foreign currency cash and cash equivalents	(18)	41	(0.2)
Cash and cash equivalents at the end of the year (Refer to note 14A)	6,698	8,057	81.0

The accompanying notes 1 to 36 form an integral part of the Standalone financial statements.

As per our report of even date attached

For B S R & Co. LLP

Chartered Accountants

Firms' registration number:101248W/W-100022

Jaclyn Desouza

Partner

Membership number: 124629

Place: Mumbai

Date: February 08, 2023

For and on behalf of the Board of Directors of HEXAWARE TECHNOLOGIES LIMITED

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R. Srikrishna

CEO & Executive Director

DIN 03160121

Place: New York

Date: February 08, 2023

Gunjan Methi

Company Secretary

Place: Mumbai

Date: February 08, 2023

Notes to the Standalone Financial Statements

1. Company Overview

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

2. Significant Accounting Policies

2.1 Statement of compliance

The standalone 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 as amended from time to time.

2.2 Basis of Preparation

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

These standalone financial statements have been prepared in Indian Rupee (₹), which is the functional currency of the Company.

Previous year figures have been re-grouped/re-classified wherever necessary to correspond with the current years classification/disclosures.

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 twelve months.

2.3 Critical accounting judgements and key source of estimation uncertainty

The preparation of the standalone 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 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



Notes to the Standalone Financial Statements

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.

Cost to fulfill contract 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.

2.3.2 Income-tax

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

2.3.3 Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease

term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

2.3.4 Useful lives of property, plant and equipment

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

2.3.5 Employee benefits

The accounting of employee benefit plans in the nature of defined benefit requires the Company to use assumptions. These assumptions have been explained under employee benefits note.

2.3.6 Fair value measurement of financial instruments

When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

2.4 Revenue Recognition

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.

In case of a 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 recognised 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

Notes to the Standalone Financial Statements

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.

Revenues related to fixed-price maintenance, testing and business process services are recognised 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 recognised 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.

Revenues in excess of billing are classified as Unbilled receivables while billing in excess of revenues are classified as Contract liabilities (Unearned revenues). Invoicing to the clients for fixed price contracts is based on milestones as defined in the contract and therefore the timing of revenue recognition is different from the timing of invoicing to the customers. Therefore, unbilled receivables for fixed price contracts (contract asset) are classified as non-financial asset because the right to consideration is dependent on completion of contractual milestones.

The Company recognises an onerous cost provision for the estimated losses in the statement of profit and loss, when the total estimated cost exceeds the revenue in an arrangement based on the current contract estimates.

2.5 Leases

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

Company as a lessee

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

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

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

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



Notes to the Standalone Financial Statements

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

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

Company as a lessor

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

to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

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

The Company has made use of the following practical expedients available while applying Ind AS 116 -

- The Company has applied single discount rate to a portfolio of lease with reasonably similar characteristics.
- The Company has excluded initial direct costs from measurement of RoU assets at the date of transition.
- The Company has used hindsight, in determining the lease term if the contract contains options to extend or terminate the lease.
- The Company has recognised the rent concessions granted by the lessor due to the COVID-19 in the standalone statement of profit and loss and has not considered it as lease modification.

2.6 Functional and presentation currency

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 recognised in the profit or loss, except exchange differences on transactions entered into in order to hedge certain foreign currency risk.

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

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.

Notes to the Standalone Financial Statements

2.8 Employee Benefits

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

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

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

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

(b) Short term employee benefit

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages etc. and the expected cost of ex-gratia are recognised in the period in which the employee renders the related service. A liability is recognised for the amount expected to be paid when there is a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(c) Compensated absences

Compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as undiscounted liability at the balance sheet date. Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as an actuarially determined liability at the present value of the defined benefit obligation at the balance sheet date.

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

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

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

Deferred taxes are recognised on temporary differences between the carrying amounts of assets and liabilities in the 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



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a transaction that is not a business combination and affects neither the accounting nor taxable profit at the time of the transaction.

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

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

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

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

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

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

2.11 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	3-5 years
Electrical Fittings (included in Plant and Machinery)	8 years
Furniture and Fixtures	3-8 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 and amortisation

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

Asset Class	Estimated useful Life
Software licenses	3 years
Customer contracts/relations	5-7 years

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

Notes to the Standalone Financial Statements

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 recognises 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 recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

2.14 Provisions and contingent liability

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.

Provisions for onerous contracts are recognised when the expected benefits to be derived by the Company from a contract is lower than the unavoidable costs of meeting the future obligations under the contract. Provisions for onerous contracts are measured at the present value of lower of the expected net cost of fulfilling the contract and the expected cost of terminating the contract.

The Company uses significant judgement to disclose contingent liabilities. Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognised nor disclosed in 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

(i) Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial



Notes to the Standalone Financial Statements

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 within a business whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

(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 are 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, financial liabilities are measured at amortised cost using the effective interest method.

B Equity instruments

An equity instrument is a contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received net of direct issue cost.

2.16 Derivative financial instruments and hedge accounting

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

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

2.17 Earnings per share ('EPS')

Basic EPS is 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

Notes to the Standalone Financial Statements

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.

2.18 Dividend and interest income

Dividend income is recorded when the right to receive payment is established. Interest income is recognised using the effective interest method.

2.19 Business Combination

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

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

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

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

3. Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules

as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable for annual reporting periods beginning on or after April 1st, 2022, as below:

Ind AS 103 – Business Combination

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any significant impact in its standalone financial statements.

Ind AS 16 – Property Plant and equipment (Proceeds before intended use)

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Company does not expect the amendments to have any impact on its recognition of its property, plant and equipment in the standalone financial statements.

Ind AS 37 – Provisions, Contingent Liabilities and Contingent Asset

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its standalone financial statements.

Ind AS 109 – Financial Instruments

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its standalone financial statements.



Notes to the Standalone Financial Statements

4. Right-of-use assets

	₹ million		
	Office premises ¹	Leasehold land	Total
Cost as at January 01, 2022	2,817	519	3,336
Additions	229	27	256
Remeasurement	21	-	21
Cost as at December 31, 2022	3,067	546	3,613
Accumulated amortisation as at January 01, 2022	576	12	588
Amortisation for the year	344	6	350
Remeasurement/adjustment	(27)	-	(27)
Accumulated amortisation as at December 31, 2022	893	18	911
Net carrying amount as at December 31, 2022	2,174	528	2,702
Total (in USD million)²	26.3	6.4	32.7
Cost as at January 01, 2021	2,568	519	3,087
Additions	249	-	249
Remeasurement	-	-	-
Cost as at December 31, 2021	2,817	519	3,336
Accumulated amortisation as at January 01, 2021	259	6	265
Amortisation for the year	317	6	323
Remeasurement	-	-	-
Accumulated amortisation as at December 31, 2021	576	12	588
Net carrying amount as at December 31, 2021	2,241	507	2,748

The Company incurred ₹ 36 million & ₹ 9 million for the years ended December 31, 2022 and 2021 respectively, towards expenses relating to short-term leases and leases of low-value assets.

Interest on lease liabilities is ₹ 220 million and ₹ 215 million for the years ended December 31, 2022 and 2021, respectively.

Payments toward leases of low-value assets and leases with less than twelve months of lease term, are disclosed under operating activities in the statement of cash flows. All other lease payments during the period are disclosed under financing activities in the statement of cash flows.

The maturity analysis of lease liabilities is covered under Note 27 – Financial instruments.

Details of title deeds of immovable properties not held in name of the Company:

Period	Relevant line item in the Balance Sheet	Gross carrying value	Title deeds in the name of	Whether title deed holder is a promoter, director or relative of promoter/director or employee of promoter/director	Property held since which date	Reason for not being held in the name of the company
December 31, 2022 December 31, 2021	RoU asset – Leasehold land	76 million 77 million	Maharashtra Airport Development Company Limited (MADC)	No	November 13, 2007	Execution of title deed is pending fulfilment of certain conditions.

Notes:

- Balance reclassified from ROU of Building.
- Supplementary information convenience translation (See Note 2.2).

Notes to the Standalone Financial Statements

5. Property, plant and equipment

	₹ million									
	Freehold Land	Buildings	Plant and Machinery ¹	Furniture and Fixtures	Vehicles	Office Equipment	Leasehold Improvements	Total (A)	Capital Work in Progress (B)	Total (A+B)
Cost as at January 01, 2022	-	4,238	3,175	1,061	19	2,023	46	10,562	130	10,692
Additions	-	8	587	59	11	78	-	743	71	814
(Disposals)/(Adjustments)	-	-	(33)	(18)	-	(5)	-	(56)	(129)	(185)
Cost as at December 31, 2022	-	4,246	3,729	1,102	30	2,096	46	11,249	72	11,321
Accumulated depreciation as at January 01, 2022	-	515	2,308	660	18	1,520	36	5,057	-	5,057
Depreciation for the year	-	94	450	73	2	210	9	838	-	838
(Disposals)/(Adjustments)	-	-	(33)	(18)	-	(5)	-	(56)	-	(56)
Accumulated depreciation as at December 31, 2022	-	609	2,725	715	20	1,725	45	5,839	-	5,839
Net carrying amount as at December 31, 2022	-	3,637	1,004	387	10	371	1	5,410	72	5,482
Total (in USD million)²	-	44.0	12.1	4.7	0.1	4.5	0.0	65.4	0.9	66.3
Cost as at January 01, 2021	-	4,236	2,995	1,097	19	2,014	39	10,400	111	10,511
Additions	-	2	381	13	-	27	7	430	121	551
(Disposals)/(Adjustments)	-	-	-	-	-	-	-	-	(77)	(77)
Cost as at December 31, 2021	-	4,238	3,175	1,061	19	2,023	46	10,563	130	10,693
Accumulated depreciation as at January 01, 2021	-	417	2,121	631	16	1,282	18	4,485	-	4,485
Depreciation for the year	-	98	387	77	2	256	18	838	-	838
(Disposals)/(Adjustments)	-	-	(200)	(48)	-	(18)	-	(266)	-	(266)
Accumulated depreciation as at December 31, 2021	-	515	2,308	660	18	1,520	36	5,057	-	5,057
Net carrying amount as at December 31, 2021	-	3,723	867	401	1	503	10	5,506	130	5,636

Capital work-in-progress ageing

	Amount in Capital work-in-progress for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress					
As at December 31, 2022	23	4	37	8	72
As at December 31, 2021	85	38	5	2	130

Project execution plans are modulated basis capacity requirement assessment on an annual basis and all the projects are executed as per rolling annual plan.

6. Goodwill

	₹ million		
	As at December 31, 2022	As at December 31, 2021	As at December 31, 2022 (in USD million)
Opening balance	-	-	-
Addition during the period (Refer to Note 7 – Business Combination)	115	-	1.4
Closing balance	115	-	1.4

Notes:

1. Plant and machinery includes computer systems.
2. Supplementary information convenience translation (See Note 2.2).



Notes to the Standalone Financial Statements

7. Business Combination

Summary of material acquisition during the year ended December 31, 2022 is given below:

The Company has acquired customer/business contracts entered by AECIO IT Solutions India Private Limited and IMS Health Analytics Services Pvt Ltd (exclusive service-based consulting organisation serving the Life Science and Healthcare Industries) with its customer. The rationale of the acquisition is to capitalise on the available cross-selling opportunities. The acquisition was consummated on January 12, 2022 for a total consideration of ₹ 245 million.

Description	₹ million Purchase price allocated
Fair value of customer contracts	46
Fair value of customer relationship	84
Total	130
Goodwill	115
Total purchase price	245

The fair value of the deferred consideration is estimated by applying the discounted cash flow approach considering a weighted average discount rate of 12.2%. The undiscounted fair value of deferred consideration is ₹ 245 million as at the date of acquisition. The discounted fair value of deferred consideration of ₹ 184 million is recorded as part of purchase price allocation.

The assumptions used for such valuations are in line with past trends and current contracts/arrangements.

The pro-forma effects of this business combination was not material on the Company's results.

8. Intangible assets

	Software licenses	Customer Contracts/Relations	Total
Cost as at January 01, 2022	702	21	723
Additions (Refer to Note 7)	5	130	135
Disposals/Adjustments	-	(8)	(8)
Translation exchange difference	-	-	-
Cost as at December 31, 2022	707	143	850
Accumulated amortisation as at January 01, 2022	648	21	669
Amortisation for the year ¹	32	34	66
Disposals/Adjustment	-	(8)	(8)
Translation exchange difference	-	-	-
Accumulated amortisation as at December 31, 2022	680	47	727
Net carrying amount as at December 31, 2022	27	96	123
Total (in USD million) ²	0.3	1.2	1.5
Cost as at January 01, 2021	668	21	689
Additions	34	-	34
Disposals	-	-	-
Cost as at December 31, 2021	702	21	723
Accumulated amortisation as at January 01, 2021	606	21	627
Amortisation for the year ¹	42	-	42
Disposals	-	-	-
Accumulated amortisation as at December 31, 2021	648	21	669
Net carrying amount as at December 31, 2021	54	-	54

Notes

¹. Amortisation is included under the line item "Depreciation and amortisation expenses" in the standalone statement of profit and loss.

². Supplementary information convenience translation (See Note 2).

Notes to the Standalone Financial Statements

9. Investments

A. Investments – Non-current

	₹ million		
	As at December 31, 2022	As at December 31, 2021	As at December 31, 2022 (in USD million) ⁴
Investment in Subsidiary (unquoted)			
Hexaware Technologies Inc., U.S.A.	1,633	1,633	19.7
Hexaware Technologies UK Limited	155	155	1.9
Hexaware Technologies Asia Pacific Pte. Ltd., Singapore	12	12	0.1
Hexaware Technologies GmbH., Germany	8	8	0.1
Hexaware Technologies Canada Limited, Canada	1	1	^
Hexaware Technologies Mexico S De R.L. De C.V.	29	29	0.4
Guangzhou Hexaware Information Technologies Company Limited, China ⁴	-	-	-
Hexaware Technologies Limited Liability Company, Russia ¹	0	27	-
Hexaware Technologies Saudi LLC, Saudi Arabia	8	8	0.1
Hexaware Technologies Hong Kong Limited, Hong Kong	16	16	0.2
Hexaware Technologies Nordic AB, Sweden	32	8	0.4
Hexaware Information Technologies (Shanghai) Company Limited.	13	13	0.2
Mobiquity Softech Private Limited	401	401	4.8
	2,308	2,311	27.9
Investment in Non Convertible Debenture ²	2,895	2,230	35.0
Investments designated at fair value through OCI			
Fully paid equity shares (unquoted)			
Beta Wind Farm Pvt. Ltd. ³	3	3	^
Total	5,206	4,544	62.9

B. Investments – Current

	₹ million		
	As at December 31, 2022	As at December 31, 2021	As at December 31, 2022 (in USD million) ⁴
Investments carried at fair value through profit or loss			
Mutual fund units (quoted)	-	1,224	-
Total	-	1,224	-

Aggregate value of quoted and unquoted investments is as follows:

	₹ million		
	As at December 31, 2022	As at December 31, 2021	As at December 31, 2022 (in USD million) ⁴
Aggregate value of quoted investments	-	1,224	-
Aggregate value of un-quoted investments	5,206	4,544	62.9
	5,206	5,768	62.9

Notes:

¹ Net of provision for impairment in the value of investment of ₹ 149 million (December 31, 2021: ₹ 122 million)

² During the year, the Company subscribed to Hexaware Technologies Inc. non convertible debentures carrying interest rate of 1.72% p.a. for tenure of 3 years of ₹ 385 million (₹ 2,230 million as on December 31, 2021)

³ On June 10, 2021, Company sold 100,000 equity shares of ₹ 10/- each held in Beta Wind Farm Pvt. Ltd. at consideration price of ₹ 2 million

⁴ Supplementary information convenience translation (See Note 2)

⁵ ^ values less than 1 million



Notes to the Standalone Financial Statements

10. Income taxes

A. Income tax expense is allocated as follows:

	₹ million		
	For the year ended December 31, 2022	For the year ended December 31, 2021	For the year ended December 31, 2022 (in USD million) ¹
Income tax expense as per the Statement of Profit and Loss	1,691	1,388	20.4
Income tax included in Other Comprehensive Income on:			
(a) Net change in fair value of cash flow hedges	(203)	80	(2.5)
(b) Remeasurement of defined benefit plan	(12)	29	(0.1)
	1,476	1,497	17.8

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

	₹ million		
	For the year ended December 31, 2022	For the year ended December 31, 2021	For the year ended December 31, 2022 (in USD million) ¹
Profit before tax	8,590	7,261	103.8
Expected tax expense at the enacted tax rate of 34.944% (Previous year 34.944%) in India	3,002	2,537	36.3
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:			
Income exempt from tax	(1,417)	(1,151)	(17.1)
Tax effect of non-deductible expenses	14	42	0.2
Tax charges/(credit) pertaining to earlier years		-	-
Others	92	(40)	1.1
	1,691	1,388	20.5

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

The group in an earlier year had applied to the competent authorities of US and India under Mutual Agreement Procedure for the corresponding adjustment to taxable profits in India for any potential addition to income in US subsidiary. Accordingly, the Company had accounted the potential tax relief in FY 2020 of ₹ 241.13 million in the statement of profit and loss for the FY 2017 to 2019. The Company continues to carry the same as at December 31, 2022 pending completion of assessments in US.

Notes:

1. Supplementary information convenience translation (See Note 2.2).

Notes to the Standalone Financial Statements

C. Components and movement in deferred tax assets and liabilities is as follows :

Significant components of net deferred tax assets and liabilities:

₹ million				
Components of deferred taxes:	January 01, 2022	Recognised in profit or loss	Recognised in OCI	December 31, 2022
Deferred tax assets				
Credit loss on trade receivables	87	(24)	-	63
Employee benefit obligations	230	(8)	12	234
Minimum alternate tax credit carry forward	1,392	(144)		1,248
Leases	72	16		88
Total	1,781	(160)	12	1,633
Deferred tax liabilities				
Property, plant and equipments	288	1	-	289
Other Intangible assets	-	1	-	1
Unrealised gain on cash flow hedges	140	-	(203)	(63)
Total	428	2	(203)	227
Net deferred tax asset	1,353	(162)	215	1,406

Significant components of net deferred tax assets and liabilities:

₹ million				
Components of deferred taxes:	January 01, 2021	Recognised in profit or loss	Recognised in OCI	December 31, 2021
Deferred tax assets				
Credit loss on trade receivables	59	28	-	87
Employee benefit obligations	233	13	(16)	230
Minimum alternate tax credit carry forward	1,522	(130)	-	1,392
Leases	50	22	-	72
Total	1,864	(67)	(16)	1,781
Deferred tax liabilities				
Property, plant and equipments	268	20	-	288
Unrealised gain on cash flow hedges	60	-	80	140
Total	328	20	80	428
Net deferred tax asset	1,536	(87)	(96)	1,353

- (a) Deferred income tax assets have not been recognised on temporary differences as at December 31, 2022 aggregating ₹ 688 million (₹ 645 million as at December 31, 2021) associated with investment in subsidiaries as it is probable that the temporary differences will not reverse in the foreseeable future.
- (b) There are unused tax credits as at December 31, 2022 aggregating ₹ 458 million (₹ 378 million as at December 31, 2021) for which no deferred tax asset is recognised as it is not considered probable that there will be future taxable profits available. If these tax losses are not utilised they would expire on various dates starting from FY 2031.



Notes to the Standalone Financial Statements

11. Other financial assets

A. Other financial assets – Non-current

	₹ million		
	As at December 31, 2022	As at December 31, 2021	As at December 31, 2022 (in USD million) ³
Interest accrued on bank deposits	^	1	^
Derivative assets	39	218	0.5
Restricted bank balances ²	15	8	0.2
Security deposits for premises and others ¹	344	321	4.2
Total	398	548	4.9

B. Other financial assets – Current

	₹ million		
	As at December 31, 2022	As at December 31, 2021	As at December 31, 2022 (in USD million) ³
Interest accrued on bank deposits	1	-	^
Others receivables from related parties (Refer to note 26)	35	200	0.4
Derivative assets	167	557	2.0
Security deposits for premises and others	7	1	0.1
Total	210	758	2.5

12. Other assets

A. Other assets – Non-current

	₹ million		
	As at December 31, 2022	As at December 31, 2021	As at December 31, 2022 (in USD million) ³
Capital advances	177	15	2.1
Cost to fulfill a contract	58	60	0.7
Prepaid expenses	11	6	0.1
Indirect taxes recoverable	15	44	0.2
Total	261	125	3.1

B. Other assets – Current

	₹ million		
	As at December 31, 2022	As at December 31, 2021	As at December 31, 2022 (in USD million) ³
Cost to fulfill a contract	31	26	0.4
Prepaid expenses	561	427	6.8
Indirect taxes recoverable	231	70	2.8
Employee advances	16	13	0.2
Contracts assets	530	388	6.4
Others	11	4	0.1
Total	1,380	928	16.7

Notes

1. Excludes deposits aggregating ₹ 6 million as at December 31, 2022 (₹ 35 million as at December 31, 2021) provided as doubtful of recovery.
2. Restriction on account of bank deposits held as margin money.
3. Supplementary information convenience translation (See Note 2.2).
4. ^ values less than 1 million.

Notes to the Standalone Financial Statements

13. Trade receivables

A. Trade receivables – Billed – Current (Unsecured)

₹ million

	As at December 31, 2022	As at December 31, 2021	As at December 31, 2022 (in USD million) ¹
Considered good	9,163	7,549	110.8
Considered doubtful ²	171	212	2.1
	9,334	7,761	112.9
Less: Allowance for doubtful debts	(171)	(212)	(2.1)
Total	9,163	7,549	110.8

Notes

- Supplementary information convenience translation (See Note 2.2).
- The Company's credit period generally ranges from 30 - 90 days. Allowance for the doubtful debts is made for the debts outstanding for over 180 days unless confirmed by the customer and/or recoverability is considered reasonable.

B. Trade receivables ageing

Ageing for trade receivables as at December 31, 2022 is as follows:

₹ million

	Not Due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Trade receivable – Billed							
Undisputed trade receivables – considered good	4,516	4,647	-	-	-	-	9,163
Undisputed trade receivables – with significant increase in credit risk	-	-	-	-	-	-	-
Undisputed trade receivables – credit impaired	-	50	100	-	5	16	171
Disputed trade receivables – considered good	-	-	-	-	-	-	-
Disputed trade receivables – with significant increase in credit risk	-	-	-	-	-	-	-
Disputed trade receivables – credit impaired	-	-	-	-	-	-	-
	4,516	4,697	100	-	5	16	9,334
Less – Allowance for Doubtful trade receivable – Billed							(171)
							9,163
Trade Receivables – Unbilled							2,829
							11,992

Ageing for trade receivables as at December 31, 2021 is as follows:

₹ million

	Not Due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Trade receivable – Billed							
Undisputed trade receivables – considered good	3,496	4,053	-	-	-	-	7,549
Undisputed trade receivables – with significant increase in credit risk	-	-	-	-	-	-	-
Undisputed trade receivables – credit impaired	-	138	46	5	-	23	212
Disputed trade receivables – considered good	-	-	-	-	-	-	-
Disputed trade receivables – with significant increase in credit risk	-	-	-	-	-	-	-
Disputed trade receivables – credit impaired	-	-	-	-	-	-	-
	3,496	4,191	46	5	-	23	7,761
Less – Allowance for Doubtful trade receivable – Billed							(212)
							7,549
Trade Receivables – Unbilled							1,732
							9,281



Notes to the Standalone Financial Statements

C. The activity in the allowance for doubtful debts is given below:

	As at December 31, 2022	As at December 31, 2021	₹ million As at December 31, 2022 (in USD million) ²
Balance at the beginning of the year	212	152	2.6
Additions/(write-back) during the year, net	(37)	61	(0.4)
Charged against allowance	(5)	-	(0.1)
Translation exchange difference	1	(1)	^
Balance at the end of the year	171	212	2.1

14. Cash and bank balances

A. Cash and cash equivalents

	As at December 31, 2022	As at December 31, 2021	₹ million As at December 31, 2022 (in USD million) ²
Remittance in transit	3	4	^
In current accounts with banks	6,215	7,848	75.1
Bank deposit accounts with less than 3 months maturity	480	205	5.8
Unclaimed dividend accounts	112	115	1.4
Margin money with banks	15	8	0.2
	6,825	8,180	82.5
Less: Restricted bank balances	(127)	(124)	(1.5)
Total	6,698	8,056	81.0

B. Other bank balances

	As at December 31, 2022	As at December 31, 2021	₹ million As at December 31, 2022 (in USD million) ²
Restricted bank balances in respect of unclaimed dividend ¹	112	115	1.4
Total	112	115	1.4

Notes:

1. There are no amounts due and outstanding to be credited to Investor Education and Protection Fund (IEPF) as at December 31, 2022.
2. Supplementary information convenience translation (See Note 2.2).
3. ^ Values less than 1 million.

Notes to the Standalone Financial Statements

15. Equity

15.1 Authorised capital

	As at December 31, 2022	As at December 31, 2021
525,000,000 Equity shares of ₹ 2 each	1,050	1,050
1,100,000 Series "A" Preference Shares of ₹ 1,421 each	1,563	1,563

15.2 Issued, subscribed and paid-up capital

	As at December 31, 2022	As at December 31, 2021
Equity shares of ₹ 2 each	604	603

15.3 Reconciliation of number of shares

	As at December 31, 2022	As at December 31, 2021
Shares outstanding at the beginning of the year	301,613,259	300,330,455
Shares issued during the year on exercise of employee stock options	483,404	1,282,804
Shares outstanding at the end of the year	302,096,663	301,613,259

15.4 Rights, preferences and restrictions attached to equity shares

The Company has one class of equity shares having a par value of ₹ 2 each. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Holding Company after distribution of all liabilities, in proportion to their shareholding.

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

Name of the shareholder		As at December 31, 2022	As at December 31, 2021
CA Magnum Holdings	No. of shares held	288,617,478	288,068,041
(Parent Company of Hexaware Technologies Limited)	% of holding	95.54%	95.51%

15.6 Disclosure of shareholding of promoters

Name of the shareholder	As at December 31, 2022		As at December 31, 2021	
	No. of shares	% of total shares	No. of shares	% of total shares
CA Magnum Holdings (Parent Company of Hexaware Technologies Limited)	288,617,478	95.54%	288,068,041	95.51%

15.7 Equity share movement during the 5 years preceding December 31, 2022

15.7.1 The Company, on October 19, 2020, received the final approval of the stock exchanges (BSE and NSE) and effective November 09, 2020 the shares were de-listed from the stock exchanges.

15.7.2 During the year ended December 31, 2017, the Holding Company bought back 5,694,835 shares at ₹ 240 per share aggregating ₹ 1,366.76 million by utilisation of securities premium. The cost relating to buy-back was charged to other equity.

15.7.3 Shares reserved for issue under RSU's/options

The Company has granted employee restricted stock units (RSU's)/(options) under the ESOP 2008 and 2015 scheme. Each RSU/options entitles the holder to one equity share of ₹ 2 each. 2,177,894 options were outstanding as on December 31, 2022 (2,661,298 as on December 31, 2021).

15.7.4 The dividend per share recognised as distribution to equity shareholders during the year ended December 31, 2022 was ₹ 22 per share (year ended December 31, 2021 ₹ 8 per share).



Notes to the Standalone Financial Statements

16. Other financial liabilities

A. Other financial liabilities – Non-current

	As at December 31, 2022	As at December 31, 2021	₹ million As at December 31, 2022 (in USD million) ³
Derivative liabilities	182	1	2.2
Deferred Consideration towards business acquisition ²	86	-	1.0
Others	6	2	0.1
Total	274	3	3.3

B. Other financial liabilities – Current

	As at December 31, 2022	As at December 31, 2021	₹ million As at December 31, 2022 (in USD million) ³
Unclaimed dividend ¹	112	115	1.4
Deferred Consideration towards business acquisition ²	61	-	0.7
Capital creditors			
Dues of micro enterprises and small enterprises (Refer to note 32)	10	7	0.1
Dues of other than micro enterprises and small enterprises	58	41	0.7
Employee liabilities	1,130	1,030	13.7
Contractual obligation – customer arrangements	159	-	1.9
Derivative liabilities	414	4	5.0
Total	1,944	1,197	23.5

17. Trade payables

	As at December 31, 2022	As at December 31, 2021	₹ million As at December 31, 2022 (in USD million) ³
A. Dues of other than micro enterprises and small enterprises			
Trade payables	858	1,206	10.4
Accrued expenses	1,736	1,476	21.0
Total	2,594	2,682	31.4
B. Dues of micro enterprises and small enterprises	24	40	0.3
Total	2,618	2,722	31.7

Notes:

1. There are no amounts due and outstanding to be credited to Investor Education and Protection Fund (IEPF).

2. Refer to note 7.

3. Supplementary information convenience translation (See Note 2.2).

Notes to the Standalone Financial Statements

C. Trade payable ageing

Ageing for trade payables outstanding as at December 31, 2022 is as follows:

	Not Due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
₹ million						
Trade payables						
MSME	23	1	-	-	-	24
Others	376	314	113	24	31	858
Disputed Dues – MSME	-	-	-	-	-	-
Disputed Dues – Others	-	-	-	-	-	-
	399	315	113	24	31	882
Accrued Expenses						1,736
						2,618

Ageing for trade payables outstanding as at December 31, 2021 is as follows:

	Not Due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
₹ million						
Trade payables						
MSME	38	1	1	-	-	40
Others	916	147	86	35	22	1,206
Disputed Dues – MSME	-	-	-	-	-	-
Disputed Dues – Others	-	-	-	-	-	-
	954	148	87	35	22	1,246
Accrued Expenses						1,476
						2,722

18. Other liabilities

A. Other liabilities – Non-current

	As at December 31, 2022	As at December 31, 2021	As at December 31, 2022 (in USD million) ¹
₹ million			
Contract liabilities (refer to note 19)	-	3	-
Total	-	3	-

B. Other liabilities – Current

	As at December 31, 2022	As at December 31, 2021	As at December 31, 2022 (in USD million) ¹
₹ million			
Contract liabilities (refer to note 19)	406	283	4.9
Statutory liabilities	443	466	5.4
Total	849	749	10.3

Notes:

1. Supplementary information convenience translation (See Note 2.2).



Notes to the Standalone Financial Statements

19. Revenue

	As at December 31, 2022	As at December 31, 2021	₹ million As at December 31, 2022 (in USD million) ¹
Revenue by Nature			
Revenue from contracts with customers	41,013	32,118	495.8
Other operating revenue	-	49	-
Total	41,013	32,167	495.8

19.1 Revenue disaggregation by geography is as follows:

	For the year ended December 31, 2022	For the year ended December 31, 2021	₹ million For the year ended December 31, 2022 (in USD million) ¹
Geography			
Americas ¹	27,926	21,542	337.6
Europe ²	7,484	5,988	90.5
Asia Pacific	5,603	4,637	67.7
Total	41,013	32,167	495.8

Notes:

¹ is substantially related to operations in United States of America.

² includes revenue from United Kingdom of ₹ 6111.51 million & ₹ 4,622 million for the year ended December 31, 2022 & 2021, respectively.

19.2 Revenue disaggregation by contract type is as follows:

	For the year ended December 31, 2022	For the year ended December 31, 2021	₹ million For the year ended December 31, 2022 (in USD million) ¹
Offshore	30,300	23,840	366.3
Onshore	10,479	8,126	126.7
Others	234	201	2.8
Total revenue from operations	41,013	32,167	495.8

19.3 Revenue disaggregation by nature of service is as follows:

	For the year ended December 31, 2022	For the year ended December 31, 2021	₹ million For the year ended December 31, 2022 (in USD million) ¹
Revenue from contracts with customers	41,013	32,118	495.8
Other operating income	-	49	-
	41,013	32,167	495.8

Notes:

1. Supplementary information convenience translation (See Note 2.2).

Notes to the Standalone Financial Statements

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

	₹ million		
	For the year ended December 31, 2022	For the year ended December 31, 2021	For the year ended December 31, 2022 (in USD million) ¹
Contracted price	41,674	32,797	503.8
Reductions towards variable consideration components (discounts, rebate)	(661)	(630)	(8.0)
Revenue recognised	41,013	32,167	495.8

19.5 Cost to fulfil contract

The Company recognises contract fulfilment cost as an asset if those costs specifically relate to a contract or to an anticipated contract, the costs generate or enhance resources that will be used in satisfying performance obligations in future; and the costs are expected to be recovered. The asset so recognised is amortised on a systematic basis consistent with the transfer of goods or services to customer to which the asset relates. The below table discloses the movement in contract fulfilment cost:

	₹ million		
	For the year ended December 31, 2022	For the year ended December 31, 2021	For the year ended December 31, 2022 (in USD million) ¹
Balance as at the beginning of the year	86	104	1.0
Cost capitalised during the year	37	49	0.4
Amortisation during the year	(34)	(67)	(0.4)
Balance as at the end of the year	89	86	1.0

19.6 Changes in Contract Liabilities are as follows:

	₹ million		
	For the year ended December 31, 2022	For the year ended December 31, 2021	For the year ended December 31, 2022 (in USD million) ¹
Balance as at the beginning of the year	283	103	3.4
Revenue recognised during the year	(277)	(100)	(3.3)
Additions during the year	400	280	4.8
Balance as at the end of the year	406	283	4.9

19.7 Contract Assets are as follows:

During the years ended December 31, 2022 and 2021, ₹ 388 million and ₹ 350 million of contract assets pertaining to fixed-price development contracts have been reclassified to receivables on completion of milestones.

Notes:

1. Supplementary information convenience translation (See Note 2.2).



Notes to the Standalone Financial Statements

19.8 Transaction price allocated to the remaining performance obligations

The remaining performance obligations represents contracted revenue that has not yet been recognised, which includes contract liabilities and amounts that will be invoiced and recognised as revenue in future periods.

	₹ million		
	For the year ended December 31, 2022	For the year ended December 31, 2021	For the year ended December 31, 2022 (in USD million) ¹
Within 1 year	5,484	5,160	66.3
More than 1 year	5,773	4,459	69.8

The Company has applied practical expedient and has not disclosed information about remaining performance obligations in contracts where the 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 any changes in the transaction price.

20. Other income

	₹ million		
	For the year ended December 31, 2022	For the year ended December 31, 2021	For the year ended December 31, 2022 (in USD million) ¹
Gains/(losses) (net) on redemption/sale of Investments	30	29	0.4
Interest income	61	18	0.7
Profit/(loss) on sale of property, plant and equipment (net)	3	6	^
Exchange rate difference (net)	1,581	616	19.1
Miscellaneous income	9	10	0.1
Total	1,684	679	20.3

21. Employee benefits expense

	₹ million		
	For the year ended December 31, 2022	For the year ended December 31, 2021	For the year ended December 31, 2022 (in USD million) ¹
Salary and allowances ²	21,182	15,389	256.1
Contribution to provident, other funds and benefits	708	1,053	8.6
Staff welfare expenses	554	370	6.7
Employee stock option compensation cost	262	80	3.2
Total	22,706	16,892	274.6

Notes:

¹. Supplementary information convenience translation (See Note 2.2).

². includes incremental bonus to select employees amounting to ₹ 33 million and ₹ 141 million for the year ended December 31, 2022 and 2021, respectively, for additional efforts on account of one-time events involving the company.

³. ^ Values less than 1 million.

Notes to the Standalone Financial Statements

22. Other expenses

	₹ million		
	For the year ended December 31, 2022	For the year ended December 31, 2021	For the year ended December 31, 2022 (in USD million) ¹
Rent	36	9	0.4
Rates and taxes	49	22	0.6
Traveling and conveyance	744	322	9.0
Electricity charges	190	118	2.3
Communication expenses	291	252	3.5
Repairs and maintenance	1,161	699	14.0
Printing and stationery	28	20	0.3
Payment to auditors			
Audit fees	11	10	0.1
Tax audit fees	2	1	^
Certification work, taxation and other matters	-	3	-
Legal and professional fees ²	574	368	6.9
Advertisement and business promotion	320	171	3.9
Bank and other charges	21	14	0.3
Directors' sitting fees	3	1	^
Insurance charges	92	88	1.1
Sub contracting and other service charges	5,804	4,610	70.2
Life time expected credit loss	(37)	61	(0.4)
Staff recruitment expenses	401	320	4.8
Provision for impairment in the value of investment (Refer to note 9)	27	-	0.3
Miscellaneous expenses	176	183	2.1
Total	9,893	7,272	119.4

23. Finance costs

	₹ million		
	For the year ended December 31, 2022	For the year ended December 31, 2021	For the year ended December 31, 2022 (in USD million) ¹
Interest on lease liabilities	220	215	2.7
Others	34	3	0.4
Total	254	218	3.1

24. Depreciation and amortisation expense

	₹ million		
	For the year ended December 31, 2022	For the year ended December 31, 2021	For the year ended December 31, 2022 (in USD million) ¹
Depreciation on Property, plant and equipment	838	838	10.1
Amortisation of RoU	350	323	4.2
Amortisation of Intangibles	66	42	0.8
Total	1,254	1,203	15.1

Notes:

- Supplementary information convenience translation (See Note 2.2).
- includes expenses of ₹ 232 million and ₹ 59 million for the year ended December 31, 2022 and 2021, respectively, on account of one-time events involving the company.
- ^ Values less than 1 million.



Notes to the Standalone Financial Statements

25. Earnings per share (EPS)

	₹ million		
	For the year ended December 31, 2022	For the year ended December 31, 2021	For the year ended December 31, 2022 (in USD million) ¹
The components of basic and diluted EPS:			
Net profit after tax	6,899	5,873	83.3
Weighted average outstanding equity shares considered for basic EPS	301,704,713	301,253,340	301,704,713
Basic earnings per share	22.87	19.50	0.28
Weighted average outstanding equity shares considered for basic EPS	301,704,713	301,253,340	301,704,713
Add: Effect of dilutive issue of stock options	2,520,423	2,627,028	2,520,423
Weighted average outstanding equity shares considered for diluted EPS	304,225,136	303,880,368	304,225,136
Diluted earnings per share	22.68	19.33	0.27
Par value per share	2.00	2.00	2.00

26. Related party disclosures

A. Names of related parties

	Country
Ultimate Holding Company and its subsidiaries	
CA Campine Investments (w.e.f. November 11, 2021)	Mauritius
Baring Private Equity Asia GP V. LP, Cayman Island (Ultimate holding entity) (control exists) (upto November 10, 2021)	Cayman Island
The Baring Asia Private Equity Fund V, LP, Cayman Island (upto November 10, 2021)	Cayman Island
Baring Private Equity Asia V Mauritius Holding (4) Limited, Mauritius (upto November 10, 2021)	Mauritius
Parent Company of Hexaware Technologies Limited (control exists)	
HT Global IT Solutions Holdings Limited, Mauritius (upto November 10, 2021)	Mauritius
CA Magnum Holdings (w.e.f. November 11, 2021)	Mauritius
Significant influence exists	
HT Global Holdings B.V. (upto November 10, 2021)	Netherlands
Subsidiaries	
Hexaware Technologies Inc.	United States of America
Hexaware Technologies UK Limited	United Kingdom
Hexaware Technologies Asia Pacific Pte. Limited	Singapore
Hexaware Technologies GmbH	Germany
Hexaware Technologies Canada Limited	Canada
Hexaware Technologies, Mexico S. De. R.L. De. C.V.	Mexico
Hexaware Technologies ARG SAS ⁽¹⁾	Argentina
Hexaware Technologies LLC	Russia
Hexaware Technologies Saudi LLC	Saudi Arabia
Hexaware Technologies Romania SRL ⁽¹⁾	Romania
Hexaware Technologies Hong Kong Limited	China
Hexaware Technologies Nordic AB	Sweden
Hexaware Information Technologies (Shanghai) Company Limited	China
Mobiquity Inc. ⁽²⁾	United States of America
Mobiquity Velocity Solutions, Inc ⁽³⁾	United States of America
Mobiquity Velocity Cooperative UA ⁽³⁾	Netherlands
Mobiquity BV ⁽⁴⁾	Netherlands
Mobiquity Consulting BV (formerly known as Morgan Clark BV) ⁽⁴⁾	Netherlands
Mobiquity Softech Private Limited ⁽⁵⁾	India
Hexaware Technologies South Africa (Pty) Limited ⁽¹⁾	South Africa
Hexaware Technologies Belgium ⁽¹⁾	Belgium

Notes to the Standalone Financial Statements

B. Key Management Personnel (KMP)

Executive Director and CEO

R Srikrishna

Non-Executive Directors

Atul K Nishar (up to November 10, 2021)

Kosmas Kalliarekos (up to November 10, 2021)

Jimmy Mahtani (up to November 10, 2021)

P R Chandrasekar (up to December 31, 2021)

Madhu Khatri (up to November 10, 2021)

Rajeev Kumar Mehta (up to November 10, 2021)

Neeraj Bharadwaj (w.e.f. November 10, 2021)

Sandra Joy Horbach (w.e.f. November 10, 2021)

Patrick Reid Mccarter (from November 10, 2021 to August 8, 2022)

Julius Michael Genachowski (w.e.f. November 10, 2021)

Lucia De Fatima Soares (w.e.f. November 10, 2021)

Shawn Albert Devilla (w.e.f. August 9, 2022)

Kapil Modi (w.e.f. November 10, 2021)

Notes:

1. Subsidiary of Hexaware Technologies UK Limited
2. Subsidiary of Hexaware Technologies Inc.
3. Subsidiary of Mobiquity Inc.
4. Subsidiary of Mobiquity Velocity Cooperative UA
5. Subsidiary of Hexaware Technologies Limited
6. Supplementary information convenience translation (See Note 2.2)

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

				₹ million
Nature of transactions	Name of the Related party and Relationship	For the year ended December 31, 2022	For the year ended December 31, 2021	For the year ended December 31, 2022 (in USD million) ²
Investment made	Subsidiaries			
	Hexaware Information Technologies (Shanghai) Company Limited	-	4	-
	Hexaware Technologies Nordic AB	24	-	0.3
		24	4	0.3
Investment made in Non-Convertible Debenture	Subsidiaries			
	Hexaware Technologies Inc.	385	2,250	4.7
		385	2,250	4.7
Impairment in value of Investment	Subsidiaries			
	Hexaware Technologies LLC	27	-	0.3
		27	-	0.3
Corporate Guarantee Given	Subsidiaries			
	Hexaware Technologies Saudi LLC	-	19	-
	Hexaware Technologies Inc.	2,706	-	32.7
		2,706	19	32.7
Accrual of Share based cost	Ultimate Holding Company			
	Hexaware Global Limited (Ertstwhile CA Campine Investments)	140	-	1.7
		140	-	1.7



Notes to the Standalone Financial Statements

₹ million

Nature of transactions	Name of the Related party and Relationship	For the year ended December 31, 2022	For the year ended December 31, 2021	For the year ended December 31, 2022 (in USD million) ²
Software and consultancy income	Subsidiaries			
	Hexaware Technologies Inc.	505	571	6.1
	Hexaware Technologies UK Limited	4,565	3,880	55.2
	Others	1,608	1,101	19.4
		6,678	5,552	80.7
Software and development expenses -subcontracting charges	Subsidiaries			
	Hexaware Technologies Inc.	3,922	3,175	47.4
	Hexaware Technologies Canada Limited	-	120	-
	Mobiquity Inc	16	337	0.2
	Mobiquity B V	309	-	3.7
	Others	270	72	3.3
		4,517	3,704	54.6
Reimbursement of cost to	Subsidiaries			
	Hexaware Technologies Inc.	-	1	-
	Mobiquity Inc.	-	6	-
	Hexaware Technologies, Mexico S. De. R.L. De. C.V.	-	^	-
	Hexaware Technologies Nordic AB	^	-	^
		-	7	-
Recovery of cost from	Subsidiaries			
	Hexaware Technologies Inc.	473	213	5.7
	Hexaware Technologies UK Limited	74	99	0.9
	Mobiquity Inc.	21	(51)	0.3
	Others	40	11	0.5
		608	272	7.4
Corporate Guarantee Charges ⁴	Subsidiaries			
	Hexaware Technologies Inc.	6	12	0.1
		6	12	0.1
Interest on Non-Convertible Debenture	Subsidiaries			
	Hexaware Technologies Inc.	47	1	0.6
		47	1	0.6
Remuneration to KMP's and Directors	Short term employee benefits	6	44	0.1
	Post employee benefits	1	^	^
	Share based payment	28	16	0.3
	Commission and other benefits to non-executive directors ¹	61	29	0.7
		96	89	1.1

Notes

1. Provision is made for commission, for the year ended December 31, 2022, payment of which is subject to adequacy of profits to be determined annually.
2. Supplementary information convenience translation (See Note 2.2).
3. ^ values less than 1 million.
4. refer to note 33 (v).

Notes to the Standalone Financial Statements

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

Outstanding Balances

		₹ million		
Name of the Related party and Relationship		For the year ended December 31, 2022	For the year ended December 31, 2021	For the year ended December 31, 2022 (in USD million) ²
Investment in equity (Including share application money) (Refer to note 9A)		2,308	2,311	27.9
		2,308	2,311	27.9
Investment in Non-Convertible Debentures		2,895	2,230	35.0
		2,895	2,230	35.0
Trade and other receivable	Subsidiaries			
	Hexaware Technologies Inc.	253	1,523	3.1
	Hexaware Technologies UK Limited	2,933	1,576	35.5
	Others	749	421	9.1
		3,935	3,520	47.7
Trade payable - towards services and reimbursement of cost	Subsidiaries			
	Hexaware Technologies Inc.	473	989	5.7
	Hexaware Technologies UK Limited	50	160	0.6
	Mobiquity Inc.	67	324	0.8
	Mobiquity BV	110	6	1.3
	Others	122	25	1.5
		822	1,504	9.9
Payable to/Provision for KMP's		57	91	0.7
		57	91	0.7
Corporate Guarantee^{1,3}	Subsidiaries			
	Hexaware Technologies Saudi LLC	22	20	0.3
	Hexaware Technologies Nordic AB	41	37	0.5
	Hexaware Technologies Inc.	2,813	4,088	34.0
		2,876	4,145	34.8

Notes:

1. Disclosure in accordance with S. 186 of Companies Act, 2013 - Corporate Guarantee given to Hexaware Technologies Inc. towards loan taken from bank for the term of 3 years and in respect of deferred purchase consideration for the acquisition of Mobiquity Inc. for the term of 2 years.
2. Supplementary information convenience translation (See Note 2.2).
3. refer to note 33 (v).



Notes to the Standalone Financial Statements

27. Financial Instruments

(i) The carrying value/fair value of financial instruments (other than investment in subsidiaries and associates) by categories as at December 31, 2022 is as follows:

	₹ million				
	Amortised cost	Fair value through profit and loss	Fair value through other comprehensive income	Derivative instrument in hedging relationship	Total carrying/ fair value
Cash and cash equivalents	6,698	-	-	-	6,698
Other bank balances	112	-	-	-	112
Trade receivables – Billed	9,163	-	-	-	9,163
Trade receivables – Unbilled	2,829	-	-	-	2,829
Other financial assets	402	-	-	206	608
Investment in Non-Convertible Debenture	2,895	-	-	-	2,895
Investments in equity shares	-	-	3	-	3
Total	22,099	-	3	206	22,308
Total (in USD million)²	267.1	-	0.0	2.5	269.7
Trade payables	2,618	-	-	-	2,618
Lease liabilities	2,412	-	-	-	2,412
Other financial liabilities	1,622	-	-	596	2,218
Total	6,652	-	-	596	7,248
Total (in USD million)²	80.4	-	-	7.2	87.6

(ii) The carrying value/fair value of financial instruments (other than investment in associate) by categories as at December 31, 2021 is as follows:

	₹ million				
	Amortised cost	Fair value through profit and loss	Fair value through other comprehensive income	Derivative instrument in hedging relationship	Total carrying/ fair value
Cash and cash equivalents	8,056	-	-	-	8,056
Other bank balances	115	-	-	-	115
Investments in mutual fund units	-	1,224	-	-	1,224
Trade receivables – Billed	7,549	-	-	-	7,549
Trade receivables – Unbilled	1,732	-	-	-	1,732
Investment in Non-Convertible Debenture	2,230	-	-	-	2,230
Other financial assets	531	-	-	775	1,306
Investments in equity shares	-	-	3	-	3
Total	20,213	1,224	3	775	22,215
Total (in USD million)²	244.3	14.8	0.0	9.4	268.5
Trade payables	2,722	-	-	-	2,722
Lease liabilities	2,379	-	-	-	2,379
Other financial liabilities	1,092	103	-	5	1,200
Total	6,193	103	-	5	6,301
Total (in USD million)²	83.3	1.4	-	0.1	76.2

Notes:

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

2. Supplementary information convenience translation (See Note 2.2).

Notes to the Standalone Financial Statements

(iii) Fair value hierarchy

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

The following table presents fair value hierarchy of financial assets and liabilities measured at fair value on a recurring basis as at December 31, 2022:

	₹ million			
	Level I	Level II	Level III	Total
Investments in equity shares	-	-	3	3
Derivative financial assets	-	206	-	206
	-	206	3	209
Derivative financial liabilities	-	596	-	596
	-	596	-	596

The following table presents fair value hierarchy of financial assets and liabilities measured at fair value on a recurring basis as at December 31, 2021:

	₹ million			
	Level I	Level II	Level III	Total
Mutual fund units	1,224	-	-	1,224
Investments in equity shares	-	-	3	3
Derivative financial assets	-	775	-	775
	1,224	775	3	2,002
Derivative financial liabilities	-	5	-	5
Shared based liabilities	-	-	103	103
	-	5	103	108

Valuation Technique

Investment in mutual funds is measured at the redemption price declared by the mutual fund. Derivatives are measured basis the counterparty quotes obtained. Cost of investments in equity shares is considered to be representative of fair value.



Notes to the Standalone Financial Statements

(iv) Financial risk management

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

Geographic and client concentration risk

During the year ended December 31, 2022, Americas contributed 68.1% (December 31, 2021 - 67%) of the Company's total revenue. The Company continues to expand its global footprint to diversify geographic concentration though Americas remains largest market for the IT industry. The Company's exposure to the US regions is in line with the global industry practices. The Company will continue to invest in the region. There are a number of other growth factors in Americas such as favour for capitalism, highest per capita income, innovation driven culture and focus to retain high end work that allow us to identify and address the pockets of inefficiencies in the most optimum way.

48.8% of the revenue for the year is generated from top 10 clients (previous year - 50%). Any loss or major downsizing by these clients may impact Company's profitability. Further, excessive exposure to particular clients will limit Company's 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 the Company adds more clients and grow revenues from the existing clients, it reduces dependence on the large clients. Moreover, large clients allow quick scaling up of revenues and they come with higher margins due to lower associated cost and higher cost predictability.

Credit Risk

Since most of Company's transactions are done on credit, the Company is exposed to credit risk on accounts receivable. Any delay, default or inability on the part of the client to pay on time will expose the Company to credit risk and can impact profitability. Company's maximum credit exposure is in respect of trade receivables of ₹ 9,163 million and ₹ 7,549 million as at December 31, 2022 and December 31, 2021, respectively, unbilled receivables of ₹ 2,829 million and ₹ 1,732 million as at December 31, 2022 and December 31, 2021, respectively and contract assets of ₹ 530 million and ₹ 388 million as at December 31, 2022 and December 31, 2021, respectively.

The Company has adopted an effective receivable management system to control the Days' Sales Outstanding (DSO). Refer to note 13 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 60.1% of the total outstanding as at December 31, 2022 (65.7% as at December 31, 2021).

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

Notes to the Standalone Financial Statements

Foreign Currency fluctuations Risk

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

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

The following table analyses foreign currency risk from financial instruments as at December 31, 2022 & 2021:

	Net financial assets (A)	Net financial liabilities (B)	Net assets/ (liabilities) (A-B)
As at December 31, 2022			
USD	13,684	2,886	10,798
EUR	307	111	196
GBP	2,967	5	2,962
Others ¹	1,505	13	1,492

	Net financial assets (A)	Net financial liabilities (B)	Net assets/ (liabilities) (A-B)
As at December 31, 2021			
USD	15,064	2,139	12,925
EUR	199	110	89
GBP	1,452	8	1,444
Others ¹	993	86	907

10% depreciation/appreciation of the respective foreign currencies vis-a-vis functional currency of the Company would result in the increase/decrease in Company's profit before tax approximately by ₹ 1,545 million and ₹ 1,537 million for the year ended December 31, 2022 and December 31, 2021, respectively.

Notes:

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



Notes to the Standalone Financial Statements

The Company uses derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in foreign exchange rates on trade receivables and forecasted cash flows denominated in certain foreign currencies. The Company had outstanding hedging instrument in the form of foreign currency forward contracts as at:

	As at December 31, 2022	As at December 31, 2021
Currency hedge (sell contracts)		
USD	254	249
EURO	13	8
GBP	39	37

The weighted average forward rate for the hedges outstanding as at December 31, 2022 is ₹ 82.13, ₹ 91.18 and ₹ 105.21 (As at December 31, 2021: ₹ 79.71, ₹ 94.21 and ₹ 107.94) for USD, Euro and GBP, respectively. The hedges mature over the eight quarters.

10% depreciation/appreciation of the respective foreign currencies with respect to closing exchange rate would result in the increase/decrease in Company's other comprehensive income approximate by ₹ 319 million and ₹ 279 million for the year ended December 31, 2022 and December 31, 2021, respectively.

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

	For the year ended December 31, 2022	For the year ended December 31, 2021
Balance at the beginning of the year	537	251
Less: Net gains transferred to statement of profit or loss on occurrence of forecasted hedge transaction	(161)	(364)
Add: Changes in the fair value of the effective portion of outstanding cash flow hedges	(833)	730
Less: Deferred tax	203	(80)
Balance at the end of the year	(254)	537

There were no material hedge ineffectiveness for the year ended December 31, 2022 and 2021.

Notes to the Standalone Financial Statements

Liquidity risk

The Company needs continuous access to funds to meet short and long term strategic investments. 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 material loss will expose it to liquidity risks.

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

As at December 31, 2022 the Company had total cash, bank balance and current investments of ₹ 6,825 million (December 31, 2021: ₹ 9,404 million) which constitutes approximately 19% (December 31, 2021: 33%) of total assets.

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

					₹ million
As at December 31, 2022	Less than 1 year	1-2 years	3-5 years	Beyond 5 years	Total
Lease Liabilities	290	223	395	1,504	2,412
Trade and other payables	2,618	-	-	-	2,618
Foreign currency derivative liabilities	414	182	-	-	596
Others (Refer to note 16)	1,530	92	-	-	1,622
Total	4,852	497	395	1,504	7,248

					₹ million
As at December 31, 2021	Less than 1 year	1-2 years	3-5 years	Beyond 5 years	Total
Lease Liabilities	230	349	482	1,318	2,379
Trade and other payables	2,722	-	-	-	2,722
Foreign currency derivative liabilities	4	1	-	-	5
Others (Refer to note 16)	1,193	2	-	-	1,195
Total	4,149	352	482	1,318	6,301

Interest rate risk

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

Capital management

The Company's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The Company is not subject to any externally imposed capital requirements.



Notes to the Standalone Financial Statements

28. Share Based Compensation

(a) The Nomination and Remuneration Committee ('Committee') of the Company administers the stock options plans viz. ESOP 2008 and 2015 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 ₹ 2/- each for each option granted. Exercise price is the price determined by the Committee. 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 – 2008		ESOP – 2015		Total	
	Options/RSU's (nos.)	Weighted ex. Price per share (₹)	RSU's (nos.)	Weighted ex. Price per share (₹)	Options/RSU's (nos.)	Weighted ex. Price per share (₹)
Outstanding at the beginning of the year	124,546	2.00	2,536,752	2.00	2,661,298	2.00
	(443,352)	(2.00)	(4,582,347)	(2.00)	(5,025,699)	(2.00)
Granted during year	-	-	-	-	-	-
	-	-	(1,753,064)	(2.00)	(1,753,064)	(2.00)
Exercised during the year	118,296	2.00	365,108	2.00	483,404	2.00
	(199,947)	(2.00)	(1,082,857)	(2.00)	(1,282,804)	(2.00)
Lapsed during the year	-	-	-	-	-	-
	(118,859)	(2.00)	(2,715,802)	(2.00)	(2,834,661)	(2.00)
Outstanding at the year end	6,250	2.00	2,171,644	2.00	2,177,894	2.00
	(124,546)	(2.00)	(2,536,752)	(2.00)	(2,661,298)	(2.00)
Exercisable as at the year end	6,250	2.00	1,996,675	2.00	2,002,925	2.00
	(58,501)	(2.00)	(225,581)	(2.00)	(284,082)	(2.00)

Previous year figures are given in bracket.

(c) The weighted average share price of options exercised on the date of exercise was ₹ 765 per share and ₹ 475 per share for the year ended December 31, 2022 and December 31, 2021, respectively.

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

Range of exercise price	As at December 31, 2022		As at December 31, 2021	
	Options/RSU's (Nos.)	Life	Options/RSU's (Nos.)	Life
2.00	2,177,894	12	2,661,298	23
Total	2,177,894		2,661,298	

Notes to the Standalone Financial Statements

- (e) The fair values of the RSU's granted in year 2021 are determined using Black Scholes Option pricing model using following assumptions:

Particulars	Year 2021
Weighted Average fair value (₹)	458.73
Weighted Average share price (₹)	475.00
Dividend Yield (%)	1.68
Expected Life (years)	1.19-2.50
Risk free interest rate (%)	3.75-4.95
Volatility (%)	10.41-40.34

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

- (f) (i) During the year ended December 31, 2022, the Company modified the grant in respect of 364,764 vested RSUs to allow for the equity settlement instead of cash settlement chosen by employee during the year ended December 31, 2021. Accordingly, the Company has
1. Derecognised the liability towards cash settlement of ₹ 75 million.
 2. Remeasured equity settled award at modification date fair value and recorded ₹ 210 million in equity.
 3. An amount of ₹ 37 million being difference between the carrying amount of the liability derecognised and the amount of equity recognised on the modification date is recognised in standalone statement of profit and loss for the period.
- (ii) During the year ended December 31, 2021, the Company modified the aforesaid scheme and provided a one-time option in respect of certain grants for RSU holder to surrender RSU against a cash payment of ₹ 763/- per RSU ('offer price'). Total of 1,908,249 RSUs were surrendered by the employees (included under lapsed in table (b) above). Total cash payout/payable by the Company is ₹ 1,456 million. The modification was recorded as follows in the year 2021:
1. Incremental cost recorded in the Statement of Profit and Loss of ₹ 657 million comprising of:
 - (i) Unamortised cost determined at the grant date fair value
 - (ii) Excess of offer price of ₹ 763/- over fair value on date of modification
 2. Fair value on the modification date has been considered as cost of re-purchase of option and difference between this fair value and grant date fair value amounting to ₹ 365 million was recorded in the equity.

The fair value on the date of modification was based on an valuers report prepared taking into consideration recent transaction adjusted for estimate for control premium and marketability by reference to public available information.
- (g) During the year, the Ultimate Holding company Hexaware Global Limited (earlier known as CA Campine Limited) has granted ESOP to employees of the Company. The said grants allows eligible employee to opt for one share of Hexaware Global Limited for each option held upon vesting which could be time based, performance based or event based. The exercise price for the option is USD 7 per share, weighted average estimated fair value is approximately USD 1.10 per option and remaining weighted average life is approximately 50 months.

The Company has recognised ₹ 140 million as estimated cost for such ESOPs granted in the statement of profit and loss during the year ended December 31, 2022.



Notes to the Standalone Financial Statements

29. Employee benefit plans

(i) Provident Fund, Superannuation Fund and other similar funds

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

The interest rate payable by the Trust to the beneficiaries every year is being notified by the Government. The Company has an obligation to make good the short fall, if any, between the return from the investments of the trust and the notified interest rate. The valuation of the liability, fund position and assumptions considered are as follows.

Particulars	December 31, 2022	December 31, 2021
Present value of benefit obligation	4,580	5,055
Fair value of plan assets	4,602	4,953
Expected Investment Return	8.15%	7.90%
Remaining term of maturities of plan assets	4.75 years	8.81 years
Expected guaranteed interest rates	8.10%	8.50%

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

During the year, the Company has recognised expenses towards contributions to Provident Fund and other funds and Superannuation Fund of ₹ 1,069 million (December 31, 2021: ₹ 710 million) and ₹ 65 million (December 31, 2021: ₹ 55 million), respectively.

(ii) Gratuity Plan

The Company makes annual contribution to the Employee's Company Gratuity Assurance Scheme, administered by the Life Insurance Corporation of India ('LIC'), a funded defined benefit plan for qualifying employees. The scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment based on completed years of service or part thereof in excess of six months. Vesting occurs on completion of five years of service.

During the year ended December 31, 2022, the Company made changes to its gratuity plan to bring this in line to Payment of Gratuity Act, 1972. With this change the Company has accounted for one-time benefit in profit and loss account amounting to ₹ 246 million (net of payments).

Notes to the Standalone Financial Statements

The following table sets out the status of the gratuity plan

Particulars	₹ million	
	For the year ended December 31, 2022	For the year ended December 31, 2021
Change in Defined Benefit Obligation		
Opening defined benefit obligation	1,355	1,223
Current service cost	189	243
Past service cost	(591)	-
Interest cost	75	59
Adjustment for remeasurement of defined benefit plan		
– Actuarial loss/(gains) arising from change in financial assumptions	(49)	(68)
– Actuarial loss/(gains) arising from change in demographical assumptions	-	-
– Actuarial loss/(gains) arising on account of experience changes	92	1
Benefits paid	(195)	(104)
Closing defined benefit obligation (A)	876	1,355
Change in the Fair Value of Assets		
Opening fair value of plan assets	525	587
Interest on plan assets	28	29
Remeasurement due to actual return on plan assets less interest on plan assets	1	2
Contribution by employer	3	10
Benefits paid	(195)	(104)
Closing fair value of plan assets (B)	363	525
Net liability as per actuarial valuation (A-B)	513	830
Expense charged to statement of profit and loss:		
Current service cost	189	243
Past service cost	(591)	-
Net Interest on defined benefit plan	46	30
Total included in Employment Benefit expenses	(356)	273
Amount recognised in other comprehensive income:		
Remeasurement of defined benefit plan due to –		
– changes in financial assumptions	(49)	(68)
– changes in demographical assumptions	-	-
– Experience adjustments	92	1
– Actual return on plan assets less interest on plan assets	(1)	(2)
Total amount recognised in other comprehensive income	42	(68)
Actual return on plan assets	30	31
Category of assets – Insurer Managed Fund #	363	525

Since the investments are held in the form of deposit with the LIC, these are not volatile, the market value of assets is the cost value of assets and has been accordingly considered for the above disclosures.



Notes to the Standalone Financial Statements

The Company is expected to contribute ₹ 100,000,000 to gratuity funds for the year ending December 31, 2023.

Financial assumptions at the valuation date	₹ million	
	For the year ended December 31, 2022	For the year ended December 31, 2021
Discount rate *	7.35%	5.95%
Rate of increase in compensation levels of covered employees **	7.5% to 10%	7.5% to 10%
Rate of Return on Plan assets	7.25%	7.25%

* The discount rate is primarily based on the prevailing market yields of Indian government securities for the estimated term of the obligations.

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

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

Impact on defined benefit obligation	For the year ended December 31, 2022	
	Discount Rate	Salary Escalation Rate
Increase in 50 bps	-2.46%	2.55%
Decrease in 50 bps	2.58%	-2.46%

Impact on defined benefit obligation	For the year ended December 31, 2021	
	Discount Rate	Salary Escalation Rate
Increase in 50 bps	-2.91%	3.00%
Decrease in 50 bps	3.07%	-2.88%

Projected plan cash flow

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

Maturity profile	₹ million
Year 1	175.15
Year 2	138.01
Year 3	119.46
Year 4	119.09
Year 5	100.07
Thereafter	716.06

The weighted average duration to the payment of these cash flows is 5.15 years.

Notes to the Standalone Financial Statements

30. Segments

As per Ind AS 108 - "Operating Segments", there is only one reportable segment viz. IT and related services, the results of which are disclosed in the financial statements.

31. Corporate Social Responsibility

- a. Gross amount required to be spent by the Company is ₹ 127 million and ₹ 119 million for the year ended December 31, 2022 and December 31, 2021, respectively.
- b. Amount spent during the year on :

Particulars	For the year ended December 31, 2022		
	Amount Paid	Amount yet to be paid	Total
	(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	102	25	127
Total amount spent during the year	102	25	127

Particulars	For the year ended December 31, 2021		
	Amount Paid	Amount yet to be paid	Total
	(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	119	-	119
Total amount spent during the year	119	-	119

The nature of corporate social responsibility activities undertaken by the Company for the year ended December 31, 2022 and 2021 includes work in the area of education, woman empowerment, environment, health and sanitation, sports and skill development.

32. Disclosure pursuant to amount due to Micro, Small and Medium enterprises is as under:

	As at December 31, 2022	As at December 31, 2021
Amount due to vendor	34	47
Principal amount paid (includes unpaid beyond the appointed date)	22	9
Interest due and paid/payable for the year	^	^
Interest accrued and remaining unpaid	^	^

Dues to Micro, Small and Medium enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management.



Notes to the Standalone Financial Statements

33. Contingent liabilities

	As at December 31, 2022	As at December 31, 2021
(i) Disputed Liabilities not provided for		
(a) Income Tax	10	10
(b) Other Litigations (Gross of tax) ^{1,2}	69	74
(ii) Claims against the Company not acknowledged as debts (Gross of tax)	28	28

(iii) The above does not include obligations resulting from customer claims, show case notices, regulatory inquiries, legal pronouncements and other judicial interpretations, having financial impact in respect of which the Company generally performs the assessment based on the external legal opinion and the amount of which cannot be reliably estimated.

(iv) Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances) as at December 31, 2022 and 2021 is ₹ 1,623 million and ₹ 396 million, respectively.

(v) The Company has provided guarantees to third parties on behalf of its subsidiaries. The Company does not expect any outflow of resources in this respect.

1. The Company and its subsidiary Hexaware Technology Inc. has been made party as defendant in a case of car accident involving its employees. The Company has the automobile insurance cover and the insurer were notified of the claim by the plaintiff. The insurer of Hexaware Technology Inc., admitting notification by Hexaware Technology Inc., consented to the settlement with plaintiff for payment of ₹ 320 million (\$4 million) subject to approval by the competence court. The insurer of the Company has asserted that it has not agreed to such settlement considering grossly overvalued and is expected to contest any claim for contribution made by insurer of Hexaware Technology Inc. on them. If insurer of the Company agrees to any settlement, there could be potential liability on the Company of amount upto ₹ 69 million. Pending resolution between the insurer and fact that Company has not agreed to any settlement, no provision is considered necessary in the financial statements.

2. Based on the counsel's opinion, the Company has made a provision of ₹ 74 million in March 2022 with respect to other litigations which was contingent as on December 31, 2021.

34. Relationship with the struck off companies

Transactions with struck off companies:

Name of struck off company	Nature of Transaction	Transactions during the year December 31, 2022	Balance outstanding As at December 31, 2022	Transactions during the year December 31, 2021	Balance outstanding As at December 31, 2021
Pan Cyber Infotech Pvt. Ltd.	Receipt of services	3	-	^	-
Mascon Global Limited	Shareholders – Interim dividend	^	^	^	^
Vaishak Shares Limited	Shareholders – Interim dividend	^	-	^	-
Home Trade Limited	Shareholders – Interim dividend	^	^	^	^
Arihant Capital Markets Ltd	Shareholders – Interim dividend	^	-	^	-
Nangalia Fiscal Services Pvt. Ltd	Shareholders – Interim dividend	^	-	^	-
Hundalani Finance and Leasing Company Limited	Shareholders – Interim dividend	^	-	^	-
Gurudev Marketing Private Ltd	Shareholders – Interim dividend	^	-	^	-
Idafa Investments Private Ltd	Shareholders – Interim dividend	^	^	^	^

Notes:

1. ^ values less than 1 million.

Notes to the Standalone Financial Statements

35. Additional Regulatory Information – Financial ratios

Ratio	Numerator	Denominator	Current year	Previous year	% variance
Current ratio (in times)	Total Current Assets	Total Current Liability	3.06	3.54	-14%
Debt-equity ratio (in times)	Debt including and lease liabilities	Total Equity	0.09	0.09	2%
Debt service coverage ratio (in times)	Earning for Debt Service = Net Profit after taxes + Non-cash operating expenses + Interest	Debt service = Interest, lease and principal repayments	16.01	17.53	-9%
Return on equity ratio (in %)	Profit for the year less preference dividend	Average total equity	25.81%	25.12%	3%
Trade receivables turnover ratio (in times)	Revenue from operations	Average trade receivables (including unbilled receivables and contract asset)	3.95	3.30	20%
Trade payables turnover ratio (in times)	Other operating expenses (net of doubtful debts)	Average trade payables	3.67	3.90	-6%
Net capital turnover ratio (in times)	Revenue from operations	Average working capital (Total current assets less Total current liabilities)	2.89	2.76	5%
Net profit ratio (in %)	Profit for the year	Revenue from operations	16.82%	18.26%	-8%
Return on capital employed (in %)	Profit before interest and tax	Tangible Net Worth + Debt (including lease liability) + Deferred Tax Liability	30.62%	25.72%	19%

36. Other updates

- A.** The Company has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the end of the reporting period end, the Company has reviewed and ensured that adequate provision as required under any law/accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) has been made in the books of account.
- B.** The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the company towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on November 13, 2020, and has invited suggestions from stake holders which are under active consideration by the Ministry. The Company will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.



Notes to the Standalone Financial Statements

C. Material events after Balance Sheet date:

There is no significant event after reporting date which requires amendments or disclosure to these standalone financial statements.

D. Approval of the financial statements:

The Standalone financial statements were approved for issue by the Board of Directors on February 08, 2023.

The accompanying notes 1 to 36 form an integral part of the Standalone financial statements.

As per our report of even date attached

For B S R & Co. LLP

Chartered Accountants

Firms' registration number:101248W/W-100022

For and on behalf of the Board of Directors of HEXAWARE TECHNOLOGIES LIMITED

CIN: U72900MH1992PLC069662

Jaclyn Desouza

Partner

Membership number: 124629

Place: Mumbai

Date: February 08, 2023

Neeraj Bharadwaj

Director

DIN 01314963

Place: New York

Date: February 08, 2023

Kapil Modi

Director

DIN 07055408

Place: New York

Date: February 08, 2023

R. Srikrishna

CEO & Executive Director

DIN 03160121

Place: New York

Date: February 08, 2023

Milind Sarwate

Independent Director

DIN 00109854

Place: Mumbai

Date: February 08, 2023

Vikash Kumar Jain

Chief Financial Officer

Place: Mumbai

Date: February 08, 2023

Gunjan Methi

Company Secretary

Place: Mumbai

Date: February 08, 2023