

**INDEPENDENT AUDITORS' REPORT  
TO THE BOARD OF DIRECTORS OF HEXAWARE TECHNOLOGIES LIMITED**

**Report on the Condensed Interim Consolidated Financial Statements**

We have audited the accompanying condensed consolidated financial statements of **HEXAWARE TECHNOLOGIES LIMITED** (the "Company"), and its subsidiaries (the Company and its subsidiaries constitute "the Group"), which comprise the Condensed Consolidated Balance Sheet as at September 30, 2014, the Condensed Consolidated Statement of Profit and Loss for the quarter and nine months ended September 30, 2014 and the Condensed Consolidated Cash Flow Statement for the nine months ended on September 30, 2014, and the selected Explanatory notes.

**Management's Responsibility for the Condensed Interim Consolidated Financial Statements**

The Company's Management is responsible for the preparation of these condensed consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with Accounting Standard (AS-25) on Interim Financial Reporting notified under the Companies Act, 1956 (which are deemed to be applicable as per Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014) and other accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the condensed consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these condensed consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

## **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid condensed consolidated financial statements give a true and fair view in conformity with AS-25 and the accounting principles generally accepted in India:

- (a) in the case of the Condensed Consolidated Balance Sheet, of the state of affairs of the Group as at September 30, 2014;
- (b) in the case of the Condensed Consolidated Statement of Profit and Loss, of the profit of the Group for the quarter and nine months ended on that date; and
- (c) in the case of the Condensed Consolidated Cash Flow Statement, of the cash flows of the Group for the nine months ended on that date.

## **Other Matter**

We did not audit the financial statements of seven subsidiaries whose financial statements reflect total assets of Rs. 1,592.86 million as at September 30, 2014, total revenues of Rs. 1,023.48 million and Rs. 2,952 million for the quarter and nine months ended September 30, 2014 and net cash flows amounting to Rs. 220.88 million for the nine months ended on September 30, 2014, as considered in the condensed consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on the reports of the other auditors.

Our opinion is not qualified in respect of this matter.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

**Abhijit A. Damle**  
Partner  
(Membership No. 102912)

**MUMBAI**, November 5, 2014

HEXAWARE TECHNOLOGIES LIMITED

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30th SEPTEMBER 2014

(Rupees Million)

Particulars	Note No.	As at	
		30th September 2014	As at 31st December 2013
<b>I. EQUITY AND LIABILITIES</b>			
<b>Share Holders' Funds :</b>			
a. Share Capital	"3"	601.60	599.75
b. Reserves and Surplus	"4"	12,109.94	11,391.86
		-----	-----
		12,711.54	11,991.61
<b>Share Application Money pending allotment</b>			
		-	0.86
<b>Non-current liabilities :</b>			
a. Deferred Tax Liabilities (net)	"5"	165.49	275.54
b. Other Long-term Liabilities	"6"	5.15	9.17
c. Long-term provisions - Employee benefits		221.50	204.85
		-----	-----
		392.14	489.56
<b>Current liabilities :</b>			
a. Trade Payables		694.63	493.99
b. Other Current Liabilities	"7"	1,832.88	1,760.29
c. Short-Term Provisions	"8"	1,414.53	3,575.42
		-----	-----
		3,942.04	5,829.70
		-----	-----
<b>Total</b>		<b>17,045.72</b>	<b>18,311.73</b>
		=====	=====
<b>II. ASSETS</b>			
<b>Non-current assets :</b>			
a. Fixed Assets :	"9"		
i) Tangible Assets		3,324.16	3,456.56
ii) Intangible Assets		1,701.77	1,693.82
iii) Capital Work-in-Progress		366.94	220.42
		-----	-----
		5,392.87	5,370.80
b. Non-current investments	"10"	4.58	4.58
c. Deferred Tax Asset (Net)	"5"	255.85	227.32
d. Long-term Loans and Advances	"11"	1,440.36	1,290.71
e. Other non-current assets	"12"	225.96	176.71
		-----	-----
		7,319.62	7,070.12
<b>Current Assets :</b>			
a. Current Investments	"13"	1,779.75	3,378.06
b. Trade Receivables	"14"	3,475.96	3,235.78
c. Cash and Cash Equivalents	"15"	2,188.67	3,010.52
d. Short-term Loans and Advances	"16"	515.16	483.43
e. Other Current Assets	"17"	1,766.56	1,133.82
		-----	-----
		9,726.10	11,241.61
		-----	-----
<b>Total</b>		<b>17,045.72</b>	<b>18,311.73</b>
		=====	=====
<b>III. NOTES FORMING PART OF FINANCIAL STATEMENTS</b>			
	"1 to 30"		

In terms of our attached report of even date

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants

**For and on behalf of the Board**

**Abhijit A. Damle**  
Partner.

**R. Srikrishna**  
(Chief Executive officer)

**Dileep Choksi**  
(Director)

Place : Mumbai  
Date : 5th November, 2014

**HEXAWARE TECHNOLOGIES LIMITED**
**CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE NINE MONTHS ENDED 30th SEPTEMBER 2014**

(Rupees Million)

Particulars	Note No.	For the quarter ended 30th September 2014	For the quarter ended 30th September 2013	For the nine months ended 30th September 2014	For the nine months ended 30th September 2013
<b>I. INCOME</b>					
a. Revenue from Operations		6,706.16	6,210.53	18,698.79	16,653.38
b. Other Income	"18"	31.01	67.76	189.59	265.23
		-----	-----	-----	-----
		6,737.17	6,278.29	18,888.38	16,918.61
<b>II. EXPENSES</b>					
a. Software and Development Expenses	"19"	1,010.70	1,041.26	2,920.69	2,534.47
b. Employee benefits expense	"20"	3,848.05	3,175.53	10,600.16	8,914.53
c. Operation and Other Expenses	"21"	639.49	516.37	1,820.26	1,475.86
d. Exchange Rate difference (net)		34.53	187.23	159.35	204.42
e. Interest - Others		6.54	0.31	6.92	0.40
f. Depreciation and amortization expense	"9"	110.81	98.44	326.30	284.95
		-----	-----	-----	-----
		5,650.12	5,019.14	15,833.68	13,414.63
<b>Profit before Tax</b>		1,087.05	1,259.15	3,054.70	3,503.98
<b>Tax expense</b>					
Income Tax - Current (net of MAT credit adjustments)		297.83	85.55	865.69	526.92
Income Tax - Deferred Charge / (Credit)		(70.97)	186.36	(139.90)	217.99
		-----	-----	-----	-----
		226.86	271.91	725.79	744.91
<b>Profit for the period</b>		860.19	987.24	2,328.91	2,759.07
		=====	=====	=====	=====
Earnings Per Share (in Rupees)	"25"				
Basic		2.86	3.30	7.75	9.26
Diluted		2.85	3.28	7.72	9.17
Face value of equity share (in Rupees)		2.00	2.00	2.00	2.00

**III. NOTES FORMING PART OF FINANCIAL STATEMENTS**

"1 to 30"

In terms of our attached report of even date

**For Deloitte Haskins & Sells LLP**  
 Chartered Accountants

**For and on behalf of the Board**
**Abhijit A. Damle**  
 Partner.  
 Place: Mumbai  
 Date : 5th November, 2014

**R. Srikrishna**  
 (Chief Executive officer)

**Dileep Choksi**  
 Director

**Hexaware Technologies Limited**  
**Consolidated Cash Flow Statement for the period ended 30th September, 2014**

(Rupees Million)

Particulars	For the nine months ended 30th September, 2014	For the nine months ended 30th September, 2013
<b>A Cash Flow from operating activities</b>		
Net Profit before tax	3,054.70	3,503.98
Adjustments for:		
Depreciation, amortization expenses	326.30	284.95
Employees share based payment cost	-	(0.46)
Interest Income	(50.52)	(138.37)
Provision for doubtful accounts (net)	(4.00)	24.00
Debts and advances written off	1.48	-
Dividend from current investments	(103.48)	(118.64)
(Profit)/ Loss on sale / Diminution in value of Current Investments (Net)	(0.44)	14.92
Provision for Obsolete assets	-	7.04
Loss / (Profit) on sale of fixed assets (Net)	1.20	(2.55)
Deferred settlement loss / (gain) relating to roll-over cash flow hedges	737.73	(1,050.65)
Exchange Rate Difference (net) unrealised	107.74	25.59
Interest Expense	6.92	0.40
<b>Operating profit before working capital changes</b>	<b>4,077.63</b>	<b>2,550.21</b>
<b>Adjustments for:</b>		
Trade and other receivables	(920.78)	162.44
Trade and other payables	110.78	(369.46)
<b>Cash generated from operations</b>	<b>3,267.63</b>	<b>2,343.19</b>
Direct Taxes Paid (Net)	(807.38)	(668.19)
<b>Net cash from operating activities</b>	<b>2,460.25</b>	<b>1,675.00</b>
<b>B Cash flow from investing activities</b>		
Purchase of fixed assets	(474.09)	(267.78)
Proceeds from sale of fixed assets	0.18	9.27
Interest received (Net of tax Rs. 10.21 Million (Rs. 28.12 Million))	135.65	51.71
Purchase of Current Investments	(19,593.58)	(22,379.99)
Proceeds from Sale of Investments	21,192.33	22,907.28
Dividend from current investments	103.48	118.64
<b>Net cash from investing activities</b>	<b>1,363.97</b>	<b>439.13</b>
<b>C Cash flow from financing activities</b>		
Proceeds from issue of share capital	40.32	68.62
Share Application money adjusted	(0.86)	(0.38)
Interest and other finance charges paid	(0.75)	(0.40)
Dividend paid (including corporate dividend tax)	(4,548.39)	(1,332.48)
<b>Net cash used in financing activities</b>	<b>(4,509.68)</b>	<b>(1,264.64)</b>
<b>Net (Decrease) / Increase in cash and cash equivalents</b>	<b>(685.46)</b>	<b>849.49</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>2,891.12</b>	<b>1,950.21</b>
<b>Cash and cash equivalents at the end of the period (Refer Note No. 1 below)</b>	<b>2,205.66</b>	<b>2,799.70</b>

**Notes:**

1. Components of cash and cash equivalents comprise the following:  
(Refer Note no. 15 of notes forming part of financial statements)

Cash and Bank Balances	2,406.78	2,398.38
Add: "AAA" rated demand deposits with financial institutions	-	700.00
Less: Restricted Bank Balances	(218.11)	(197.33)
Cash and Cash Equivalents as per note no 15	2,188.67	2,901.05
Effect of changes in Exchange rate in cash and cash equivalents	16.99	(101.35)
<b>Total Cash and Cash equivalents</b>	<b>2,205.66</b>	<b>2,799.70</b>

2. Purchase of Fixed Assets (including movements in Capital work in progress) are considered as a part of investing activities.

3. The Previous period's figures have been regrouped wherever necessary.

In terms of our attached Report of even date

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants

**For and on behalf of the Board**

**Abhijit A. Damle**  
Partner

**R. Srikrishna**  
(Chief Executive officer)

**Dileep Choksi**  
(Director)

Place: Mumbai  
Date : 5th November, 2014

# Hexaware Technologies Limited

## 1. Background

Hexaware Technologies Limited (“Hexaware” or the “Company”) is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company is engaged in information technology consulting, software development and business process management. Hexaware provides multiple service offerings to its clients across various industries comprising travel, transportation, hospitality, logistics, banking, financial services, insurance, healthcare, manufacturing and services. The various service offerings comprise application development and management, enterprise package solutions, infrastructure management, business intelligence and analytics, business process, quality assurance and independent testing

These condensed consolidated interim financial statements have been prepared using the same basis / accounting policies as those used for the audited financial statements for the year ended on 31<sup>st</sup> December 2013. These interim financial statements have been prepared considering the requirements of Accounting Standard 25 “Interim financial reporting”.

## 2. Subsidiaries to consolidation

The consolidated financial statements present the consolidated accounts of Hexaware Technologies Limited with the following wholly owned subsidiaries drawn upto the same reporting date as that of the Holding Company.

Name of the Subsidiary company	Country of Incorporation
Hexaware Technologies Inc.	United States of America
Hexaware Technologies, Mexico S. De. R.L. De. C.V.	Mexico
Hexaware Technologies UK Ltd.	United Kingdom
FocusFrame Europe BV	Netherland
Hexaware Technologies Asia Pacific Pte Limited.	Singapore
Hexaware Technologies GmbH.	Germany
Hexaware Technologies Canada Limited.	Canada
Caliber Point Business Solutions Ltd. ( Merged with the Company w.e.f. 1 <sup>st</sup> April 2013)	India
Risk Technology International Limited	India
Hexaware Technologies DO Brazil Ltd , Brazil (subsidiary of Hexaware Technologies UK Ltd	Brazil

Particulars	As at 30th September 2014	As at 31st December 2013
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**3 SHARE CAPITAL**

**a. Authorised**

475,000,000 (325,000,000) Equity Shares of Rs. 2/- each (Refer note no. 29)	950.00	650.00
1,100,000 Series "A" Preference Shares of Rs. 1421/- each (Authorised Preference share capital can be either cumulative or non cumulative with a power to the Company to convert the same into equity shares at any time.)	1,563.10	1,563.10
<b>Total</b>	2,513.10	2,213.10
	=====	=====

**b. Issued, Subscribed and Paid-up Capital**

Equity Shares of Rs. 2/- each Fully Paid.	601.60	599.75
<b>Total</b>	601.60	599.75
	=====	=====

**c. Reconciliation of number of shares**

Particulars	Numbers	Amount	Numbers	Amount
Shares outstanding at the beginning of the period / year	299,875,947	599.75	296,544,791	593.09
Shares Issued during the period / year	924,650	1.85	3,331,156	6.66
Shares outstanding at the end of the period / year	300,800,597	601.60	299,875,947	599.75
	=====	=====	=====	=====

**d. Details of shares held by shareholders holding more than 5% shares**

Name of Shareholder	Nos. of Shares held	% of holding	Nos. of Shares held	% of holding
HT Global IT Solutions Holdings Ltd. (Holding Company)	193,935,793	64.47	164,323,724	54.80
Parel Investment Holdings Limited (Subsidiary of Ultimate holding company "Baring Private Equity Asia GP V, LP")	-	-	27,288,327	9.10
JP Morgan Chase Bank, NA <small>(Unregistered ADR held by HT Global IT Solutions Holdings Ltd.) (Holding Company)</small>	21,111,400	7.02	21,111,400	7.04

**e. Shares allotted as fully paid up by way of bonus shares during five years preceding the period end**

The Company allotted 145,545,781 equity shares as fully paid up bonus shares by utilisation of Securities premium account on 2nd March, 2011 pursuant to shareholder's resolution passed in Extra Ordinary General Meeting held on 15th February, 2011

**f. Rights, preferences and restrictions attached to equity shares**

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

**g. Shares reserved for issue under options**

The Company has granted employee stock options under ESOP 2002, 2007 and 2008. Each option entitles the holder to one equity share of Rs. 2 each. 1,721,875 (2,840,525) options were outstanding as on 30th September 2014.

**h. Shares application money pending allotment**

Share application money pending allotment is Rs. Nil (Rs. 0.86 Million as at 31st December 2013) as at 30th September, 2014, which pertains to Nil (44,000) shares. The Company has sufficient authorised capital to cover the allotment of these shares.

**i. The Board of Directors, at its meeting held on 5th November, 2014 has declared an interim dividend of Rs. 2.35 per equity share.**

**HEXAWARE TECHNOLOGIES LIMITED**
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

(Rupees Million)

Particulars	As at 30th September 2014	AS AT 31st December 2013	
<b>4 RESERVES AND SURPLUS</b>			
<b>a Securities Premium Account</b>			
As per last Balance Sheet	4,654.45	4,578.74	
Add: On merger of Caliber Point Business Solutions Limited (Refer note no. 29)	41.12	-	
Add : Received during the period / year	38.47	72.02	
Add : Transfer from Employee Stock Option outstanding	-	3.69	
	4,734.04	4,654.45	
<b>b Employee Stock Options Outstanding</b>			
As per last Balance Sheet	-	4.41	
Less: Reversal on forfeiture / lapse of stock options granted	-	0.72	
Less : Transfer to Securities Premium Account on exercise of stock options	-	3.69	
	-	-	
<b>c General Reserve</b>			
As per last Balance Sheet	2,178.52	1,843.19	
Less: Excess of investment in Caliber Point Business Solutions Limited over its Share Capital (Refer note no. 29)	41.12	-	
Add : Transfer from Statement of Profit and Loss	-	335.33	
	2,137.40	2,178.52	
<b>d Hedging Reserve</b>			
As per last Balance Sheet	(1,239.41)	(760.51)	
Less: Losses transferred to Statement of Profit and Loss on occurrence of forecasted hedge transactions (Net)	532.33	1,053.95	
Add /(Less): Changes in the fair value of the effective portion of outstanding cash flow hedges	277.91	(1,532.85)	
	(429.17)	(1,239.41)	
<b>e Amalgamation Reserve</b>	2.88	2.88	
<b>f Special Economic Zone Re-investment Reserve</b>			
As per last Balance Sheet	223.94	-	
Add : Transfer from Balance in Statement of Profit and Loss	218.51	223.94	
	442.45	223.94	
<b>g Currency Translation Reserve</b>			
As per last Balance Sheet	1,013.50	550.90	
Addition during the period / year (Net)	(45.57)	462.60	
	967.93	1,013.50	
<b>h Balance in Statement of Profit and Loss</b>			
As per last Balance Sheet	4,557.98	5,225.75	
Add : Profit for the period / year	2,328.91	3,791.35	
Add/ (Less): On closure of a Subsidiary	-	0.05	
<b>Less : Appropriations</b>			
Interim Dividend - Equity	2,088.37	3,030.77	
Proposed Dividend - Equity	-	300.27	
Tax on Dividend (After adjusting tax benefit on dividend distributed by a subsidiary)	325.60	568.86	
Transfer to General Reserve	-	335.33	
Transfer to Special Economic Zone Re-investment Reserve	218.51	223.94	
	2,632.48	4,459.17	
	4,254.41	4,557.98	
<b>Total</b>	12,109.94	11,391.86	



HEXAWARE TECHNOLOGIES LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Rupees Million)

PARTICULARS	As at 30th September 2014	AS AT 31st December 2013
<b>5 DEFERRED TAX ASSETS / LIABILITIES</b>		
<b>a. Deferred Tax Assets:</b>		
i. Provision for doubtful debts and advances	14.57	13.66
ii. Depreciation	9.00	8.43
iii. Employee Benefits	223.94	190.65
iv. Provision Others	7.41	13.78
v. Others	0.93	5.82
	255.85	232.34
<b>Less:</b> Deferred tax liability		
Employee Benefits	-	5.02
<b>Total</b>	255.85	227.32
	=====	=====
<b>b. Deferred Tax Liabilities:</b>		
i. Depreciation	141.20	143.83
ii. Deferred Cancellation loss relating to roll-over of Cash flow hedges	85.94	226.86
	227.14	370.69
<b>Less:</b> Deferred Tax Asset		
i. Employee Benefits	58.90	54.84
ii. Provision Others	-	32.17
iii. Unabsorbed Tax losses	-	6.74
iv. Provision for doubtful debts and advances	2.75	1.40
<b>Total</b>	165.49	275.54
	=====	=====
<b>6 OTHER LONG TERM LIABILITIES</b>		
a Capital Creditors	5.15	0.17
b Liability for mark to market losses on derivative contracts (net)	-	9.00
<b>Total</b>	5.15	9.17
	=====	=====
<b>7 OTHER CURRENT LIABILITIES</b>		
a Unearned Revenues	126.46	143.95
b Unclaimed dividend *	89.72	54.82
c Other Payables		
- Employee related	710.37	676.83
- Statutory liabilities	275.39	256.07
- Deposit received from Customer / Lessee	0.38	0.35
- Capital Creditors	74.74	113.51
- Liability for mark to market losses on derivative contracts (net)	-	43.80
- For Expenses	555.82	470.96
<b>Total</b>	1,832.88	1,760.29
	=====	=====
* This figure does not include any amount due and outstanding to be credited to Investor Education and Protection Fund.		
<b>8 SHORT TERM PROVISIONS</b>		
a Provision for employee benefits	438.05	401.52
b Proposed dividend	706.88	2,552.27
c Tax on proposed dividend	144.73	433.76
d		
Provision for taxation (net of advance tax) (net of MAT credit availed Rs. 25.99 Million (Rs. Nil))	89.91	36.32
e Others (Refer note no. 27)	34.96	151.55
<b>Total</b>	1,414.53	3,575.42
	=====	=====

**HEXAWARE TECHNOLOGIES LIMITED**
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
**9 - FIXED ASSETS**

(Rupees Million)

SR. NO.	PARTICULARS	GROSS BLOCK			DEPRECIATION / AMORTISATION			NET BLOCK			
		As at 01.01.2014	Additions	Deductions/ Adjustment	As at 30.09.2014	As at 01.01.2014	For the Period	Deductions/ Adjustment	As at 30.09.2014	As at 30.09.2014	As at 31.12.2013
A	TANGIBLE ASSETS										
1	Land - Freehold	0.15	-	-	0.15	-	-	-	-	0.15	0.15
	Land - Leasehold (Refer Note No.1)	362.14	-	-	362.14	25.73	3.27	-	29.00	333.14	336.41
2	Buildings	2,228.15	4.86	(0.39)	2,233.40	142.24	27.22	-	169.46	2,063.94	2,085.91
3	Plant and Machinery	1,435.68	124.03	3.57	1,556.14	1,014.46	129.91	2.29	1,142.08	414.06	421.22
4	Office Equipments	763.74	21.88	5.21	780.41	405.16	82.29	3.77	483.68	296.73	358.58
5	Furniture and Fixtures	579.82	1.16	2.24	578.74	353.55	34.38	2.11	385.82	192.92	226.27
6	Improvements to Leasehold Premises	54.78	1.86	1.83	54.81	33.68	4.40	1.72	36.36	18.45	21.10
7	Vehicles	27.13	-	1.15	25.98	20.21	2.15	1.15	21.21	4.77	6.92
	<b>Total - Tangible Assets</b>	<b>5,451.59</b>	<b>153.79</b>	<b>13.61</b>	<b>5,591.77</b>	<b>1,995.03</b>	<b>283.62</b>	<b>11.04</b>	<b>2,267.61</b>	<b>3,324.16</b>	<b>3,456.56</b>
	<i>Previous year</i>	<i>4,797.85</i>	<i>866.79</i>	<i>213.05</i>	<i>5,451.59</i>	<i>1,861.31</i>	<i>329.74</i>	<i>196.02</i>	<i>1,995.03</i>	<i>3,456.56</i>	
B	INTANGIBLE ASSETS										
1	Software	282.79	52.23	0.49	334.53	191.66	42.68	0.31	234.03	100.50	91.13
2	Goodwill on Consolidation	1,602.69	-	1.42	1,601.27	-	-	-	-	1,601.27	1,602.69
	<b>Total - Intangible Assets</b>	<b>1,885.48</b>	<b>52.23</b>	<b>1.91</b>	<b>1,935.80</b>	<b>191.66</b>	<b>42.68</b>	<b>0.31</b>	<b>234.03</b>	<b>1,701.77</b>	<b>1,693.82</b>
	<i>Previous year</i>	<i>1,637.62</i>	<i>51.94</i>	<i>(195.92)</i>	<i>1,885.48</i>	<i>131.49</i>	<i>56.30</i>	<i>(3.87)</i>	<i>191.66</i>	<i>1,693.82</i>	
C	CAPITAL WORK IN PROGRESS									366.94	220.42
	(Mainly in respect of buildings under construction)										
	<b>CURRENT PERIOD</b>	<b>7,337.07</b>	<b>206.02</b>	<b>15.52</b>	<b>7,527.57</b>	<b>2,186.69</b>	<b>326.30</b>	<b>11.35</b>	<b>2,501.64</b>	<b>5,392.87</b>	<b>5,370.80</b>
	<i>PREVIOUS YEAR</i>	<i>6,435.47</i>	<i>918.73</i>	<i>17.13</i>	<i>7,337.07</i>	<i>1,992.80</i>	<i>386.04</i>	<i>192.15</i>	<i>2,186.69</i>	<i>5,370.80</i>	

## Notes:

1 Includes Rs. 90.00 Million and Rs. 6.26 Million (Previous Year Rs. 5.58 Million) being lease premium and accumulated amortisation respectively in respect of leasehold land allotted to the Company at Nagpur for which final lease agreement is being executed.

2 Plant and machinery includes Computer systems.

3 Exchange difference (Net) on account of translation of fixed assets into INR included under deductions is as follows:

Particulars	Gross Block	Depreciation
Goodwill On Consolidation	1.42	-
TANGIBLE ASSETS		
Plant and Machinery	2.41	1.90
Office Equipments	0.71	0.36
Furniture and Fixtures	1.43	1.02
Improvements to Leasehold Premises	1.05	0.94
Vehicles	-	-
Intangible Assets		
Computer Softwares	0.49	0.31
Current Period	7.51	4.53
<i>Previous year</i>	<i>211.37</i>	<i>27.70</i>

HEXAWARE TECHNOLOGIES LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Rupees Million)

Particulars	As at 30th September 2014	AS AT 31st December 2013
<b>10 NON CURRENT INVESTMENTS</b>		
<b>Non Current Investments</b>		
<b>Trade Investments - Others - Unquoted</b>		
<b>(At cost)</b>		
240,958 equity shares of Rs. 10/- each fully paid up in Beta Wind Farm Pvt.Ltd.	4.58	4.58
<b>Total</b>	<b>4.58</b>	<b>4.58</b>
<b>11 LONG TERM LOANS AND ADVANCES (UNSECURED)</b>		
a Capital Advances	99.74	11.26
b Security Deposits	113.36	83.04
c Advance Income Tax and Fringe benefit Tax (net of provision for tax)	359.31	219.80
d Mat Credit Entitlement	803.41	913.85
e Other Loans and advances	64.54	62.76
<b>Total</b>	<b>1,440.36</b>	<b>1,290.71</b>
<b>12 OTHER NON CURRENT ASSETS</b>		
a Interest accrued on deposits	7.85	1.27
b Non current bank balances		
Restricted bank balances	218.11	175.44
<b>Total</b>	<b>225.96</b>	<b>176.71</b>
<b>13 CURRENT INVESTMENTS</b>		
<b>Non Trade Investments (Unquoted)</b>		
<b>(At cost or fair value whichever is lower)</b>		
Investments in mutual funds	1,779.75	3,378.06
<b>Total</b>	<b>1,779.75</b>	<b>3,378.06</b>

**HEXAWARE TECHNOLOGIES LIMITED**
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

(Rupees Million)

Particulars	As at 30th September 2014	AS AT 31st December 2013
<b>14 TRADE RECEIVABLES (UNSECURED)</b>		
a) Over six months from the due date		
Considered good	1.53	6.11
Considered doubtful	59.91	49.36
	61.44	55.47
Less: Provision for doubtful receivables	59.91	49.36
	1.53	6.11
b) Others		
Considered good	3,474.43	3,229.67
Considered doubtful	5.68	19.35
	3,480.11	3,249.02
Less: Provision for doubtful receivables	5.68	19.35
	3,474.43	3,229.67
<b>Total</b>	3,475.96	3,235.78
<b>15 CASH AND CASH EQUIVALENTS</b>		
a Cash in Hand	0.03	0.01
b Balances with Banks		
In Current Accounts	1,954.83	1,225.65
Remittances in Transit	1.25	-
Bank deposit Accounts with less than 3 months original maturity	191.06	367.36
	2,147.14	1,593.01
c Other Bank Balances:		
Earmarked balances with banks	107.28	99.46
Unclaimed Dividend Account	90.08	55.18
Margin money	20.75	20.80
Bank deposit Accounts with more than 12 months original maturity	-	248.50
Bank deposit Accounts with more than 3 months and upto 12 months maturity	41.50	869.00
	259.61	1,292.94
Cash and Bank Balances	2,406.78	2,885.96
d 'AAA' rated demand deposits with a financial institution	-	300.00
e Bank balances reclassified as Non current Assets		
Restricted bank balances	(218.11)	(175.44)
<b>Total</b>	2,188.67	3,010.52
<b>16 SHORT TERM LOANS AND ADVANCES (UNSECURED)</b>		
a Considered good		
i. Security Deposits	11.86	27.08
ii. Advance Income Tax (net of provision for tax)	27.66	50.56
iii. Other Loans and advances (includes service tax receivable, prepaid expenses and employee advances)	475.64	405.79
	515.16	483.43
b Considered doubtful		
Security Deposits	34.71	35.98
Less : Provision for doubtful deposits	(34.71)	(35.98)
	-	-
<b>Total</b>	515.16	483.43
<b>17 OTHER CURRENT ASSETS</b>		
Interest accrued on deposits	4.10	106.01
Unbilled services	1,564.12	1,027.81
Receivable on account of mark to market gains on derivative contracts (net) (Refer note no. 26)	198.34	-
<b>Total</b>	1,766.56	1,133.82

**HEXAWARE TECHNOLOGIES LIMITED**
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

(Rupees Million)

Particulars	For the quarter ended 30th September 2014	For the quarter ended 30th September 2013	For the nine months ended 30th September 2014	For the nine months ended 30th September 2013
<b>18 OTHER INCOME</b>				
Dividend from current investments	22.38	25.97	103.48	118.64
Profit/(Loss) on Sale / diminution in value of Current Investments (Net)	-	(12.06)	0.44	(14.92)
Interest income	7.53	50.97	50.52	138.37
Profit on Sale of Fixed Assets (Net)	0.05	0.58	(1.13)	2.54
Rental income	-	0.12	-	0.12
Miscellaneous income	1.05	2.18	36.28	20.48
<b>Total</b>	31.01	67.76	189.59	265.23
	=====	=====	=====	=====
<b>19 SOFTWARE AND DEVELOPMENT EXPENSES</b>				
Consultant travel and related expenses	273.33	259.61	885.63	735.05
Software expenses *	737.37	781.65	2,035.06	1,799.42
<b>Total</b>	1,010.70	1,041.26	2,920.69	2,534.47
	=====	=====	=====	=====
* Includes subcontracting charges	680.26	675.75	1,718.01	1,565.50
<b>20 EMPLOYEE BENEFITS EXPENSE</b>				
Salary and other allowances	3,379.56	2,829.48	9,305.36	7,895.01
Contribution to provident and other funds	386.43	283.37	1,078.95	844.95
Staff welfare expenses	82.06	62.68	215.85	175.03
Employee stock option compensation cost	-	-	-	(0.46)
<b>Total</b>	3,848.05	3,175.53	10,600.16	8,914.53
	=====	=====	=====	=====
<b>21 OPERATIONS AND OTHER EXPENSES</b>				
Rent	63.89	56.98	189.70	161.73
Rates and taxes	7.26	6.66	28.49	19.82
Travelling and conveyance expenses	160.34	99.21	486.35	366.65
Electricity charges	45.54	40.86	131.40	131.15
Communication expenses	63.18	57.30	169.73	156.80
Repairs and maintenance	25.31	38.23	121.59	106.80
Printing and stationery	6.43	6.22	17.97	19.15
Auditors remuneration	6.75	6.14	18.96	17.42
Legal and professional fees	77.64	51.91	198.46	103.78
Advertisement and publicity	6.66	9.14	21.83	19.25
Seminar, Conference and business promotion expenses	28.03	31.61	83.20	71.93
Bank and other charges	2.30	2.58	6.43	7.29
Directors' sitting fees	0.24	0.69	0.66	1.55
Insurance charges	14.16	13.48	39.60	36.33
Loss of asset due to fire / Assets written off	0.02	-	0.07	-
Provision for obsolete assets	-	-	-	7.04
Debts and advances written off (Net of Recoveries) *	-	-	1.48	-
Provision for doubtful accounts (Net of write back) **	11.71	10.49	(4.00)	24.00
Staff recruitment expenses	50.06	15.46	96.73	40.22
Service charges	42.62	30.62	134.66	86.67
Miscellaneous expenses	27.35	38.79	76.95	98.28
Note : Miscellaneous Expenses includes Stamp Duty & Filing fees, Hiring charges, Registrar and Share Transfer expenses, Membership and Subscription, etc.				
<b>Total</b>	639.49	516.37	1,820.26	1,475.86
	=====	=====	=====	=====
* Net of recoveries	-	-	-	-
** Net of write backs	3.53	14.40	21.46	13.79

# Hexaware Technologies Limited

## 22. Contingent Liabilities in respect of

a. Claims not acknowledged as debt to Rs. 28.14 million (31<sup>st</sup> December 2013 Rs 28.14 million).

### b. Claims for taxes on income:

#### Where Company is in appeal

Income tax demands of Rs 112.65 million have been raised in respect of assessments completed in earlier years, arising from off-setting tax losses against income of exempt units and other disallowances. The Company has appealed against the Orders and based on merits, expects favourable outcome. Hence no provision against such demand is considered necessary.

#### Others:

In earlier year, the CIT (A) had passed an order in favour of the Company against demand of Rs 23.79 million raised by the Assessing officer for AY 2008-09, which had arisen mainly due to disallowance of foreign exchange loss as business expenses. Against this, the income tax department has filed an appeal with ITAT and the matter is in process.

23. Current income tax expense comprises of taxes on income from operations in India and foreign jurisdictions. In respect of certain entities in the group, 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. Tax expense relating to overseas operation is determined in accordance with the tax laws applicable in countries where such operations are domiciled.

## 24. Related party disclosures

Names of related parties and description of relationship:

#### Ultimate Holding Company and it's subsidiary

Baring private Equity Asia GP V. LP, Cayman Island

The Baring Asia Private Equity Fund V, LP, Cayman Island

Baring Private Equity Asia V Maritius Holding (4) Limited, Mauritius

Parel Investment Holdings Limited, Mauritius

#### Holding Company

HT Global IT Solutions Holdings Limited , Mauritius

#### Key Management Personnel

Mr. Atul K. Nishar – Non Executive Chairman (KMP upto 11<sup>th</sup> October 2013)

Mr. P. R. Chandrasekar - Vice Chairman ( Chief Executive Officer upto 27<sup>th</sup> July 2014)

Mr. R. Srikrishna – Chief Executive Officer (w.e.f 28<sup>th</sup> July 2014)

Dr. (Mrs) Alka A Nishar – Director (upto 1<sup>st</sup> April 2013)

Mr R. V. Ramanan – Executive Director and President Global Delivery (upto 15<sup>th</sup> September 2014)

Mr Ramanan Seshadri - Whole Time Director (Hexaware Technologies UK Ltd) (upto 30th November2013)

Mr Amrinder Singh - Whole Time Director (Hexaware Technologies UK Ltd) ( w.e.f. 2<sup>nd</sup> December 2013)

# Hexaware Technologies Limited

Mr. R U Srinivas – Chief Executive Director (Caliber Point Business Solutions Ltd) (upto 15<sup>th</sup> August 2013)

Mr Rajiv Pant – President, North America operations (Hexaware Technologies Inc.)

Mr Chinmoy Banerjee - Chief Executive Officer (Caliber Point Business Solutions Ltd) (KMP Upto 30<sup>th</sup> June 2014)

## Others

Ms Kala Ramanan– Relative of Key Management Personnel (upto 15<sup>th</sup> September 2014)

### Transaction with related party

Particulars	Remuneration (Amount Rupee Million)		Units/Options including restricted Stock units Outstanding
	Quarter Ended 30th Sept 2014 ( 30th Sept 2013)	Nine month Ended 30th Sept 2014 ( 30th Sept 2013)	As on 30th Sept 2014 ( 31st December 2013)
	-	-	-
Mr. Atul K. Nishar	(3.59)	(10.25)	(-)
	23.19	69.96	-
Mr P R Chandrasekar	(22.97)	(62.59)	(-)
	2.43	11.15	-
Mr R V Ramanan	(8.00)	(25.78)	(125,000)
	-	-	-
Mr R U Srinivas	(3.25)	(9.09)	(-)
	7.88	35.10	12,500
Mr Rajiv Pant	(7.70)	(34.33)	(37,500)
	-	-	-
Mr. Ramanan Sheshadri	(4.04)	(18.83)	(124,000)
	-	11.21	-
Mr. Chinmoy Banarjee	(3.91)	(3.91)	(-)
	6.03	17.51	-
Mr. Amrinder Singh	(-)	(-)	(-)
	76.37	76.37	-
Mr. R . Srikrishna	(-)	(-)	(-)
	<b>Guest House Rent (Amount Rs)</b>		
	0.23	0.89	-
Ms. Kala Ramanan	(0.28)	(0.42)	(-)

# Hexaware Technologies Limited

## 25. Earnings per Share (EPS)

The components of basic and diluted earnings per share are as follows:

Particulars	Quarter Ended		Nine moth ended	
	30th Sept 2014	30th Sept 2013	30th Sept 2014	30th Sept 2013
Net profit after tax (Rupees Million)	860.19	987.24	2,328.91	2,759.07
Weighted average outstanding equity shares considered for basic EPS (Nos.)	300,572,933	298,919,894	300,314,192	298,084,936
Basic Earnings per Share (in Rupees)	2.86	3.30	7.75	9.26
Weighted average outstanding equity shares considered for basic EPS (Nos.)	300,572,933	298,919,894	300,314,192	298,084,936
Add : Effect of dilutive stock options (including share application money received on exercise of options) (Nos.)	1,313,328	2,026,381	1,488,343	2,690,240
Weighted average outstanding equity shares	301,886,261	300,946,275	301,802,535	300,775,176
Diluted Earnings per share (in Rupees)	2.85	3.28	7.72	9.17

## 26. Derivative Instruments:

- (i) Forward exchange contracts to Sell US Dollar 107.71 Million and Euro 4.35 Million are outstanding as of 30<sup>th</sup> September 2014. ( 31<sup>st</sup> December 2013 US Dollar 174.76 Million and Euro 9.33 Million).
- (ii) Fair value net gain of the derivative instruments identified as cash flow hedges is Rs. 198.34 million as at 30<sup>th</sup> September 2014 (31<sup>st</sup> December 2013 Net loss of Rs. 52.80 million)
- (iii) Net loss of Rs. 429.17 million recognised in Hedging Reserve as of 30<sup>th</sup> September 2014 is expected to be classified to Statement of Profit and Loss over next twelve months.

27. "Provision Others' includes provisions towards expenditure relating employee benefit obligations on contract acquisition , provision for loss on contract executions and lease renewal premium (also in respect of travel expense in previous year) , the outflow for which is expected in the next twelve months

(Rupees Million)

Particulars	Period Ended	Year Ended
	30th September,2014	31st December 2013
Provision at the beginning of the year	151.55	197.31
Provision made during the period / year	16.60	46.04
Paid / Adjusted during the period /year	(133.19)	(91.80)
<b>Provision at the end of the period /year</b>	<b>34.96</b>	<b>151.55</b>



# Hexaware Technologies Limited

## 28. Segments:

(Rupees Million)

Quarter ended September, 30, 2014						
Primary Segment : Business Segments	Travel, Transportation, Hospitality and Logistics	Banking and Financial Services	Insurance and Healthcare	Manufacturing and Services	Others	Total
Segment Revenue	1,137.96	2,504.79	872.15	1,288.14	903.12	6,706.16
	(1,105.00)	(2,106.16)	(995.75)	(1,330.82)	(672.80)	(6,210.53)
Segment Results	229.98	357.86	191.44	272.87	155.77	1,207.92
	(357.26)	(418.26)	(234.84)	(416.20)	(50.81)	(1,477.37)
Less: Unallocable expenses						145.34
						(285.67)
Add: Other Income						31.01
						(67.76)
Less: Interest Expense						6.54
						(0.31)
Profit before tax						1,087.05
						(1,259.15)
Less: Tax expense						226.86
						(271.91)
Profit after tax						860.19
						(987.24)

Secondary Segment – Geographic Segment					
Particulars	North America	Europe	India	Rest of the World	Total
Revenue attributable to location of customers	4,333.28	1,884.08	141.56	347.24	6,706.16
	(4,077.65)	(1,724.36)	(127.61)	(280.91)	(6,210.53)
Segment assets based on their locations	3,836.90	915.19	6,830.21	173.55	11,755.85
	(3,425.14)	(662.22)	(5,602.99)	(161.52)	(9,851.87)
Additions to fixed assets (including capital work in progress)	19.57	0.75	153.43	0.34	174.09
	(8.12)	(1.65)	(60.98)	(2.31)	(73.06)
Goodwill	1,460.24	141.03	-	-	1,601.27
	(1,461.53)	(141.16)	(-)	(-)	(1,602.69)

# Hexaware Technologies Limited

Nine months ended September 30, 2014						
Primary Segment : Business Segments	Travel, Transportation, Hospitality and Logistics	Banking and Financial Services	Insurance and Healthcare	Manufacturing and Services	Others	Total
Segment Revenue	3,413.72	6,599.89	2,608.64	3,581.12	2,495.42	18,698.79
	(3,048.70)	(5,626.45)	(2,588.82)	(3,338.11)	(2,051.30)	(16,653.38)
Segment Results	762.50	834.38	518.77	831.60	410.43	3,357.68
	(814.30)	(1,075.21)	(584.00)	(1,004.06)	(250.95)	(3,728.52)
Less: Unallocable expenses						485.65
						(489.37)
Add: Other Income						189.59
						(265.23)
Less: Interest Expense						6.92
						(0.40)
Profit before tax						3,054.70
						(3,503.98)
Less: Tax expense						725.79
						(744.91)
Profit after tax						2,328.91
						(2,759.07)

Secondary Segment – Geographic Segment					
Particulars	North America	Europe	India	Rest of the World	Total
Revenue attributable to location of customers	12,125.43	5,160.98	422.85	989.53	18,698.79
	(11,070.91)	(4,446.83)	(345.05)	(790.59)	(16,653.38)
Segment assets based on their locations	3,836.90	915.19	6,830.21	173.55	11,755.85
	(3,425.14)	(662.22)	(5,602.99)	(161.52)	(9,851.87)
Additions to fixed assets (including capital work in progress)	31.26	2.51	310.01	8.76	352.54
	(27.41)	(2.77)	(224.34)	(10.37)	(264.89)
Goodwill	1,460.24	141.03	-	-	1,601.27
	(1,461.53)	(141.16)	(-)	(-)	(1,602.69)

## Notes:

- The Company has identified business segment as the primary segment. Segments have been identified taking into account the services offered to customers globally operating in different industry segments, differing risks and returns, the organizational and the internal reporting system.
- Revenues and expenses directly attributable to segments are reported under each reportable business segment. Common expenses which are not directly identifiable to each reporting segment have been allocated to each reporting segment on the basis of associated revenues of the segment. All other expenses which are not attributable or allocable to segments have been disclosed as unallocable expenses.

# Hexaware Technologies Limited

- c) Assets and liabilities contracted have not been identified to any of the reportable segments as the assets are used interchangeably between segments and it is not practicable to reasonably allocate the liabilities to individual segments. Accordingly, no disclosure relating to segment assets and segment liabilities are made.
  - d) Reported transactions are for the quarter/period ended 30<sup>th</sup> September, 2014 and balances are as at 30<sup>th</sup> September 2014 and 31<sup>st</sup> December 2013. Previous period / year are given in brackets.
29. Caliber point Business Solutions limited (CP) (amalgamating company), a wholly owned subsidiary, engaged in Business Process Management, has been amalgamated with the Company. The Scheme of Amalgamation ('the Scheme') was sanctioned by the Hon. High Court of Judicature at Bombay vide its order dated 10<sup>th</sup> October 2014 , the appointed date of merger being 1<sup>st</sup> April 2013.
- The Scheme has been given effect to in the standalone financial statements. The amalgamation has the impact of reducing General Reserve by Rs 41.12 million and increasing the balance in securities premium account by an equivalent amount in the consolidated financial statements.
30. Previous period /year figures have been regrouped / reclassified wherever necessary to correspond with the current period classification / disclosure.

**For and on behalf of the board**

**R. Srikrishna**

(Chief Executive Officer)

**Dileep Choksi**

(Director)

Place : Mumbai

Date : 5<sup>th</sup> November 2014

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