

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

Report on the Condensed Interim Financial Statements

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

Management's Responsibility for the Condensed Interim Financial Statements

The Company's Management is responsible for the preparation of these condensed financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with Accounting Standard (AS-25) on Interim Financial Reporting notified under the Companies Act, 1956 ("the Act") (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 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 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 condensed financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the condensed financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the condensed 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 fair presentation of the condensed financial statements 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 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 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 Balance Sheet, of the state of affairs of the Company as at September 30, 2014;
- (b) in the case of the Condensed Statement of Profit and Loss, of the profit of the Company for the quarter and nine months ended on that date; and
- (c) in the case of the Condensed Cash Flow Statement, of the cash flows of the Company for the nine months ended on that date.

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 BALANCE SHEET AS AT 30TH SEPTEMBER, 2014

(Rs. Million)

Particulars	Note No.	As at 30th September 2014	As at 31st December 2013
I. EQUITY AND LIABILITIES			
Share holders' funds			
a. Share capital	2	601.60	599.75
b. Reserves and surplus	3	9,726.36	8,285.52
		10,327.96	8,885.27
Share application money pending allotment	2	-	0.86
Non-current liabilities			
a. Deferred tax liabilities (net)	4	165.49	245.36
b. Other Long term liabilities	5	5.79	0.17
c. Long-term provisions - Employee benefits		214.77	171.26
		386.05	416.79
Current liabilities			
a. Trade payables		1,668.28	1,489.84
b. Other current liabilities	6	693.52	677.67
c. Short term provisions	7	964.50	3,183.06
		3,326.30	5,350.57
Total		14,040.31	14,653.49
II. ASSETS			
Non-current assets			
a. Fixed assets	8		
i. Tangible assets		3,228.21	2,954.72
ii. Intangible assets		78.78	64.22
iii. Capital work-in-progress		297.68	212.47
		3,604.67	3,231.41
b. Non-current investments	9	1,850.60	2,009.52
c. Long-term loans and advances	10	1,410.33	1,205.63
d. Other non-current assets	11	199.35	140.50
		7,064.95	6,587.06
Current assets			
a. Current investments	12	1,779.75	3,331.67
b. Trade receivables	13	2,998.82	2,387.95
c. Cash and cash equivalents	14	976.72	1,474.88
d. Short-term loans and advances	15	682.38	518.85
e. Other current assets	16	537.69	353.08
		6,975.36	8,066.43
Total		14,040.31	14,653.49
III. NOTES FORMING PART OF FINANCIAL STATEMENTS	1 to 28		
In terms of our attached report of even date			
For Deloitte Haskins & Sells LLP		For and on behalf of the board	
Chartered Accountants			
Abhijit A. Damle	R. Srikrishna	Dileep Choksi	
(Partner)	(Chief Executive Officer)	(Director)	
Place : Mumbai			
Date : 5th November, 2014			

HEXAWARE TECHNOLOGIES LIMITED

CONDENSED STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 30TH SEPTEMBER, 2014

(Rs. Million)

Particulars	Note No.	Quarter ended 30th September		Nine months ended 30th September	
		2014	2013	2014	2013
I. INCOME					
a. Revenue from operations		3,445.69	2,671.72	8,358.61	7,458.20
b. Other income	17	39.08	60.98	560.18	240.79
		3,484.77	2,732.70	8,918.79	7,698.99
II. EXPENSES					
a. Software and development expenses	18	207.97	141.27	526.28	385.64
b. Employee benefits expenses	19	1,793.33	1,042.98	4,135.07	3,229.01
c. Operation and other expenses	20	424.71	244.44	944.82	693.81
d. Exchange rate difference (net)		32.72	169.77	137.60	153.55
e. Interest - others		6.27	0.27	6.46	0.28
f. Depreciation and amortisation expenses	8	116.06	78.24	291.96	230.26
		2,581.06	1,676.97	6,042.19	4,692.55
Profit before tax		903.71	1,055.73	2,876.60	3,006.44
Tax expense					
a. Income Tax - Current (net of MAT credit entitlement)		152.92	19.94	570.51	356.70
b. Income Tax - Deferred Charge / (Credit)		(51.30)	175.00	(110.06)	211.41
		101.62	194.94	460.45	568.11
Profit for the period		802.09	860.79	2,416.15	2,438.33
Earnings per share (in Rupees)	23				
Basic		2.67	2.88	8.05	8.18
Diluted		2.66	2.86	8.01	8.11
Face value of equity share (in Rupees)		2.00	2.00	2.00	2.00
III. NOTES FORMING PART OF FINANCIAL STATEMENTS	1 to 28				
In terms of our attached report of even date					
For Deloitte Haskins & Sells LLP			For and on behalf of the board		
Chartered Accountants					
Abhijit A. Damle (Partner)		R. Srikrishna (Chief Executive Officer)		Dileep Choksi (Director)	
Place : Mumbai					
Date : 5th November, 2014					

HEXAWARE TECHNOLOGIES LIMITED

CASH FLOW STATEMENT FOR NINE MONTHS ENDED 30TH SEPTEMBER 2014

(Rs. Million)

Particulars	Nine months ended 30th September	
	2014	2013
A Cash flow from operating activities		
Net Profit before tax	2,876.60	3,006.44
Adjustments for :		
Depreciation and amortisation expenses	291.96	230.26
Employees share based payment cost	-	(0.46)
Dividend from current investments	(103.48)	(117.50)
Dividend from subsidiary company	(373.23)	-
Interest income	(48.95)	(123.57)
Provision for doubtful accounts (net)	(4.81)	9.11
(Profit) / Loss on sale / diminution in value of investments (net)	(0.44)	14.97
Bad Debts written off	1.70	-
Deferred settlement loss / (gain) relating to roll-over cash flow hedges	737.73	(1,042.46)
Loss / (Profit) on sale of fixed assets (net)	1.20	(1.92)
Interest expense	6.46	0.28
Exchange rate difference (net) - unrealised	(9.44)	1.76
Provision for obsolete asset	-	7.04
Operating Profit before working capital changes	3,375.30	1,983.95
Adjustments for :		
Trade and other receivables	(646.68)	133.47
Trade and other payables	(142.42)	(73.15)
Cash generated from operations	2,586.20	2,044.27
Direct taxes paid (net)	(584.38)	(469.05)
Net cash from operating activities	2,001.82	1,575.22
B Cash flow from investing activities		
Purchase of fixed assets	(338.91)	(210.13)
Proceeds from reduction of trade investment	-	0.45
Purchase of other investments	(19,593.59)	(22,124.86)
Interest received (net of tax Rs. 10.21 million (Rs. 16.09 million))	134.03	41.79
Proceeds from sale / redemption of investments	21,192.33	22,652.14
Dividend from subsidiary company (net of tax Rs. 63.43 million (Rs. Nil))	309.80	-
Dividend from current investments	103.48	117.50
Proceeds from sale of fixed assets	0.43	2.10
Net cash from investing activities	1,807.57	478.99
C Cash flow from financing activities		
Proceeds from issue of shares	40.32	68.62
Share application money adjusted	(0.86)	(0.38)
Interest paid	(6.46)	(0.28)
Dividend paid (including corporate dividend tax)	(4,548.39)	(1,332.48)
Net cash used in financing activities	(4,515.39)	(1,264.52)
Net (Decrease) / Increase in cash and cash equivalents	(706.00)	789.69
Cash and cash equivalents at the beginning of the period	1,474.42	1,100.55
Cash and cash equivalents taken over consequent to merger (Refer note no. 26)	198.37	-
Cash and cash equivalents at the end of the period (Refer Note No. 1 below)	966.79	1,890.24
Notes:		
1 Components of cash and cash equivalents comprise the following : (Refer Note no. 14 of notes forming part of financial statements)		
Cash and Bank Balances	1,168.23	1,352.93
Add : "AAA" rated demand deposits with financial institution	-	700.00
Less : Restricted bank balances	(191.51)	(161.83)
Cash and Cash equivalents as per Note no. 14	976.72	1,891.10
Add : Unrealised (gain) / loss on foreign currency cash and cash equivalents	(9.93)	(0.86)
Total Cash and Cash equivalents	966.79	1,890.24
2 Purchase of Fixed Assets (including movements in Capital work in progress) are considered as a part of investing activities.		
3 Previous period's figures have been regrouped wherever necessary.		
4 The amalgamation of wholly owned subsidiary, Caliber Point Business Solutions Limited and the consequent additions to assets and Liabilities has been treated as a non-cash transaction. (Refer note no. 26)		
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
NOTES TO CONDENSED FINANCIAL STATEMENTS

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 management, quality assurance and independent testing.

These condensed 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 31st December 2013 and considering the requirements of Accounting Standard 25 "Interim financial reporting".

(Rs. Million)

Particulars	As at 30th September 2014	As at 31st December 2013		
2. SHARE CAPITAL				
a. Authorised				
475,000,000 (325,000,000) Equity shares of Rs. 2/- each (Refer Note no. 26)	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		
Total	<u>2,513.10</u>	<u>2,213.10</u>		
b. Issued, subscribed and paid-up capital				
Equity Shares of Rs. 2/- each fully paid	601.60	599.75		
Total	<u>601.60</u>	<u>599.75</u>		
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
i. HT Global IT Solutions Holdings Ltd. (Holding company)	193,935,793	64.47	164,323,724	54.80
ii. Parel Investment Holdings Ltd (Subsidiary of ultimate holding company, Baring Private Equity Asia GP V, LP.)	-	-	27,288,327	9.10
iii. J P Morgan Chase Bank, NA (unregistered ADR's held by HT Global IT Solutions Holdings Ltd.) (Holding company).	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 as on 31st December 2013) options were outstanding as on 30th September, 2014.				
h. Share application money pending allotment				
Share application money pending allotment is Nil (Rs. 0.86 as on 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 recommended an interim dividend of Rs. 2.35/- per equity share.				

HEXAWARE TECHNOLOGIES LIMITED
NOTES TO CONDENSED FINANCIAL STATEMENTS

(Rs. Million)

Particulars	As at 30th September 2014	As at 31st December 2013
3. RESERVES AND SURPLUS		
a. Securities premium account		
Opening balance	4,654.45	4,578.74
Add : On merger of Caliber Point Business Solutions Limited (Refer note no. 26)	41.12	-
Add : Received during the year	38.47	72.02
Add : Transfer from employee stock option outstanding	-	3.69
Closing balance	<u>4,734.04</u>	<u>4,654.45</u>
b. Employee stock options outstanding		
Opening balance	-	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
Closing balance	<u>-</u>	<u>-</u>
c. General reserve		
Opening balance	1,876.87	1,542.87
Add : On merger of Caliber Point Business Solutions Limited (Refer note no. 26)	300.00	-
Add : Transfer from Balance in Statement of Profit and Loss	-	334.00
Less : Excess of Investment in Caliber Point Business Solutions Limited over its share capital (Refer note no. 26)	41.12	-
Closing balance	<u>2,135.75</u>	<u>1,876.87</u>
d. Hedging reserve		
Opening balance	(1,176.45)	(697.62)
Add : On merger of Caliber Point Business Solutions Limited (Refer note no. 26)	(62.96)	-
Add : Losses transferred to Statement of Profit and Loss on occurrence of forecasted hedge transactions (net)	532.33	965.50
Add : Changes in the fair value of the effective portion of outstanding cash flow hedges	277.91	(1,444.33)
Closing balance	<u>(429.17)</u>	<u>(1,176.45)</u>
e. Amalgamation reserve	2.88	2.88
f. Special Economic Zone Re-investment reserve		
Opening balance	223.94	-
Add : Transfer from Balance in Statement of Profit and Loss	218.51	223.94
Closing balance	<u>442.45</u>	<u>223.94</u>
g. Balance in Statement of Profit and Loss		
Opening balance	2,703.83	3,822.01
Add : On merger of Caliber Point Business Solutions Limited (Refer note no. 26)		
Balance as at 1st April, 2013	382.66	-
Profit for the period from 1st April 2013 to 31st December 2013	(29.75)	-
Add : Profit for the period / year	<u>2,416.15</u>	<u>3,339.66</u>
	5,472.89	7,161.67
Less : Appropriations		
Transfer to Special Economic Zone Re-investment reserve	218.51	223.94
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	-	334.00
Closing balance	<u>2,840.41</u>	<u>2,703.83</u>
Total	<u><u>9,726.36</u></u>	<u><u>8,285.52</u></u>

HEXAWARE TECHNOLOGIES LIMITED
NOTES TO CONDENSED FINANCIAL STATEMENTS

(Rs. Million)

Particulars	As at	As at
	30th September 2014	31st December 2013
4. DEFERRED TAX LIABILITIES		
Deferred tax liabilities		
a. Depreciation	141.20	112.12
b. Deferred settlement loss relating to roll-over of Cash flow hedges	85.94	211.23
	227.14	323.35
Less : Deferred tax assets		
a. Employee benefits	58.90	45.82
b. Provision for doubtful accounts	2.75	-
c. Provision others	-	32.17
	61.65	77.99
Total	165.49	245.36
5. OTHER LONG TERM LIABILITIES		
a. Capital creditors	5.15	0.17
b. Other liabilities	0.64	-
Total	5.79	0.17
6. OTHER CURRENT LIABILITIES		
a. Unearned revenues	23.84	11.17
b. Unclaimed dividend *	89.72	54.82
c. Other payables		
i. Employee related	167.41	156.98
ii. Statutory liabilities	112.16	91.41
iii. Capital creditors	72.56	104.82
iv. For expenses	227.83	217.61
v. For mark to market losses on derivative contracts	-	40.86
* This figure does not include any amount due and outstanding to be credited to Investor Education and Protection Fund.		
Total	693.52	677.67
7. SHORT TERM PROVISIONS		
a. For employee benefits	59.92	43.64
b. Proposed dividend	706.88	2,552.27
c. Tax on proposed dividend	144.73	433.76
d. For tax (net of advance tax) (net of MAT credit availed Rs. 25.99 million (Rs. Nil))	18.01	20.38
e. Others (Refer Note no. 25)	34.96	133.01
Total	964.50	3,183.06

HEXAWARE TECHNOLOGIES LIMITED
NOTES TO CONDENSED FINANCIAL STATEMENTS

8. FIXED ASSETS

(Rs. Million)

Particulars	GROSS BLOCK					DEPRECIATION AND AMORTISATION					NET BLOCK	
	As at 01.01.2014	Addition on merger	Additions	Deductions/ Adjustments	As at 30.09.2014	As at 01.01.2014	Addition on merger	For the period/year	Deductions/ Adjustments	As at 30.09.2014	As at 30.09.2014	As at 31.12.2013
i. Tangible Assets												
Land - Freehold	0.15	-	-	-	0.15	-	-	-	-	-	0.15	0.15
Land - Leasehold	330.44	31.71	-	-	362.15	23.96	1.77	3.27	-	29.00	333.15	306.48
Building	1,863.89	364.26	4.86	(0.39)	2,233.40	108.66	33.58	27.22	-	169.46	2,063.94	1,755.23
Plant and Machinery	1,129.56	172.82	107.46	1.18	1,408.66	763.09	148.63	116.68	0.40	1,028.00	380.66	366.47
Office Equipments	688.02	48.32	10.61	4.48	742.47	350.26	42.05	78.76	3.40	467.67	274.80	337.76
Furniture and Fixtures	442.16	64.23	0.61	0.81	506.19	257.91	54.24	27.56	1.08	338.63	167.56	184.25
Vehicles	19.76	5.64	-	1.15	24.25	15.38	3.08	2.15	1.15	19.46	4.79	4.38
Leasehold Improvements	-	5.55	0.20	0.78	4.97	-	1.34	1.25	0.78	1.81	3.16	-
Total	4,473.98	692.53	123.74	8.01	5,282.24	1,519.26	284.69	256.89	6.81	2,054.03	3,228.21	2,954.72
<i>Previous year</i>	<i>3,840.60</i>	<i>-</i>	<i>783.83</i>	<i>150.45</i>	<i>4,473.98</i>	<i>1,399.32</i>	<i>-</i>	<i>270.26</i>	<i>150.32</i>	<i>1,519.26</i>	<i>2,954.72</i>	
ii. Intangible Assets												
Software	210.02	38.20	39.75	-	287.97	145.80	28.32	35.07	-	209.19	78.78	64.22
Total	210.02	38.20	39.75	-	287.97	145.80	28.32	35.07	-	209.19	78.78	64.22
<i>Previous year</i>	<i>176.74</i>	<i>-</i>	<i>33.28</i>	<i>-</i>	<i>210.02</i>	<i>105.76</i>	<i>-</i>	<i>40.04</i>	<i>-</i>	<i>145.80</i>	<i>64.22</i>	
iii. Capital work-in-progress												
(mainly in respect of buildings under construction)											297.68	212.47
Grand total	4,684.00	730.73	163.49	8.01	5,570.21	1,665.06	313.01	291.96	6.81	2,263.22	3,604.67	3,231.41
<i>Previous year</i>	<i>4,017.34</i>	<i>-</i>	<i>817.11</i>	<i>150.45</i>	<i>4,684.00</i>	<i>1,505.08</i>	<i>-</i>	<i>310.30</i>	<i>150.32</i>	<i>1,665.06</i>	<i>3,231.41</i>	

Notes:

- a) Land - Leasehold includes Rs. 90.00 million and Rs. 6.26 million (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.
- b) Plant and machinery includes Computer systems.

HEXAWARE TECHNOLOGIES LIMITED
NOTES TO CONDENSED FINANCIAL STATEMENTS

(Rs. Million)

Particulars	As at 30th September 2014	As at 31st December 2013
9. NON-CURRENT INVESTMENTS		
Trade investments in subsidiary companies (unquoted) (at cost)		
a. 30,026 common stock at no par value in Hexaware Technologies Inc., U.S.A.	1,632.68	1,632.68
b. 2,167,000 shares of 1 GBP each fully paid up in Hexaware Technologies UK Ltd.	154.64	154.64
c. 5,00,000 shares of Singapore \$ 1/- each fully paid up in Hexaware Technologies Asia Pacific Pte. Ltd., Singapore	12.48	12.48
d. 3,618 shares of face value 50 euro each fully paid up in Hexaware Technologies GmbH.,	7.57	7.57
e. 1 common stock at no par value in Hexaware Technologies Canada Limited, Canada	0.73	0.73
f. Nil (11,780,000) shares of Rs. 10/- each fully paid up in Caliber Point Business Solutions Limited (Refer Note No. 26)	-	158.92
g. 1,000,000 shares of Rs. 10/- each fully paid up in Risk Technology International Limited	8.50	8.50
h. 1 participation share of no par value in Hexaware Technologies (Mexico) S De R.L. De C.V.	29.42	29.42
	<u>1,846.02</u>	<u>2,004.94</u>
Trade investments (unquoted) (at cost) - in others		
240,958 equity shares of Rs. 10/- each fully paid up in Beta Wind Farm Pvt.Ltd.	4.58	4.58
	<u>4.58</u>	<u>4.58</u>
Total	<u><u>1,850.60</u></u>	<u><u>2,009.52</u></u>
<i>Aggregate value of unquoted investments</i>	<i>1,850.60</i>	<i>2,009.52</i>
10. LONG TERM LOANS AND ADVANCES (UNSECURED)		
Considered good		
a. Capital Advances	75.28	10.16
b. Security Deposits	108.08	72.65
c. Advance Income Tax and Fringe benefit Tax (net of provision for tax)	359.02	197.28
d. MAT Credit Entitlement	803.41	862.83
e. Other Loans and advances (includes service tax receivable, prepaid expenses etc.)	64.54	62.71
	<u>1,410.33</u>	<u>1,205.63</u>
Total	<u><u>1,410.33</u></u>	<u><u>1,205.63</u></u>
11. OTHER NON-CURRENT ASSETS		
a. Interest accrued on deposits	7.84	0.72
b. Non current bank balances		
Restricted bank balances	191.51	139.78
	<u>199.35</u>	<u>140.50</u>
Total	<u><u>199.35</u></u>	<u><u>140.50</u></u>
12. CURRENT INVESTMENTS		
Non Trade investment (unquoted) (at cost or fair value whichever is lower)		
Investments in mutual funds	1,779.75	3,331.67
	<u>1,779.75</u>	<u>3,331.67</u>
Total	<u><u>1,779.75</u></u>	<u><u>3,331.67</u></u>
<i>Aggregate value of unquoted investments.</i>	<i>1,779.75</i>	<i>3,331.67</i>

HEXAWARE TECHNOLOGIES LIMITED
NOTES TO CONDENSED FINANCIAL STATEMENTS

(Rs. Million)

Particulars	(Rs. Million)	
	As at 30th September 2014	As at 31st December 2013
13. TRADE RECEIVABLES (UNSECURED)		
a. Over six months from the due date		
Considered good	0.98	4.14
Considered doubtful	14.62	8.08
	15.60	12.22
Less : Provision for doubtful receivables	14.62	8.08
	0.98	4.14
b. Others		
Considered good	2,997.84	2,383.81
Considered doubtful	3.98	9.96
	3,001.82	2,393.77
Less : Provision for doubtful receivables	3.98	9.96
	2,997.84	2,383.81
Total	2,998.82	2,387.95
14. CASH AND CASH EQUIVALENTS		
a. Cash in hand	0.02	-
b. Balances with banks		
i. In current accounts	922.70	205.47
ii. Remittances in transit	1.25	-
iii. Bank deposit accounts with less than 3 months maturity	11.25	18.41
	935.20	223.88
c. Other bank balances		
i. Earmarked balances with banks	94.34	77.60
ii. Unclaimed dividend accounts	90.08	55.18
iii. Margin money	7.09	7.00
iv. Bank deposit accounts with more than 12 months maturity	-	248.50
v. Bank deposit accounts with more than 3 and upto 12 months maturity	41.50	702.50
	233.01	1,090.78
Total Cash and Bank Balances	1,168.23	1,314.66
d. "AAA" rated demand deposits with a financial institution	-	300.00
e. Less : Bank balances classified as non current assets		
Restricted bank balances	(191.51)	(139.78)
Total	976.72	1,474.88
15. SHORT TERM LOANS AND ADVANCES (UNSECURED)		
a. Considered good		
i. Security deposits	8.63	4.22
ii. Loans and advances to related parties (Refer Note No. 22)	367.60	239.33
iii. Other loans and advances (includes service tax receivable, prepaid expenses and employee advances)	306.15	275.30
	682.38	518.85
b. Considered doubtful		
Security deposits	34.71	35.98
Less : Provision for doubtful deposits	34.71	35.98
	-	-
Total	682.38	518.85
16. OTHER CURRENT ASSETS		
a. Interest accrued on deposits	3.79	99.20
b. Unbilled services	335.56	253.88
c. Receivable on account of MTM gains on derivatives contract (net) (Refer Note No. 24)	198.34	-
Total	537.69	353.08

HEXAWARE TECHNOLOGIES LIMITED
NOTES TO CONDENSED FINANCIAL STATEMENTS

(Rs. Million)

Particulars	Quarter ended		Nine months ended	
	30th September		30th September	
	2014	2013	2014	2013
17. OTHER INCOME				
a. Dividend from current investments	24.01	25.82	103.48	117.50
b. Dividend from subsidiary company	-	-	373.23	-
c. Profit / (Loss) on sale / diminution in value of investments (net)	-	(12.06)	0.44	(14.92)
d. Interest income	13.89	45.37	48.95	123.57
e. (Loss) / Profit on sale of fixed assets (net)	(0.01)	(0.03)	(1.20)	1.92
f. Rental income	-	0.12	-	0.12
g. Miscellaneous income	1.19	1.76	35.28	12.60
Total	39.08	60.98	560.18	240.79
18. SOFTWARE AND DEVELOPMENT EXPENSES				
a. Consultant travel and related expenses	43.91	60.54	153.90	159.94
b. Software expenses *	164.06	80.73	372.38	225.70
Total	207.97	141.27	526.28	385.64
* includes subcontracting charges	121.08	43.16	255.02	124.04
19. EMPLOYEE BENEFITS EXPENSES				
a. Salaries and allowances (Refer Note no. 25)	1,609.45	984.54	3,738.97	2,983.99
b. Contribution to provident and other funds	103.99	22.59	237.56	146.40
c. Staff welfare expenses	79.89	35.85	158.54	99.08
d. Employee stock option compensation cost	-	-	-	(0.46)
Total	1,793.33	1,042.98	4,135.07	3,229.01
20. OPERATIONS AND OTHER EXPENSES				
a. Rent	50.11	21.72	93.71	64.22
b. Rates and taxes	7.57	4.50	20.22	13.30
c. Travelling and conveyance expenses	116.25	55.39	255.17	151.55
d. Electricity charges	57.01	32.97	128.09	102.95
e. Communication expenses	57.40	29.21	110.71	80.18
f. Repairs and maintenance	21.39	31.09	95.04	85.89
g. Printing and stationery	6.77	3.72	13.10	11.71
h. Auditors remuneration	4.11	2.00	9.22	6.27
i. Legal and professional fees	27.31	15.13	56.60	38.53
j. Advertisement and publicity	0.21	0.15	0.50	0.54
k. Seminar, conference and business promotion expenses	1.37	7.39	18.80	20.47
l. Bank and other charges	1.82	0.92	3.24	2.66
m. Directors' sitting fees	0.14	0.50	0.38	1.08
n. Insurance charges	7.16	4.93	16.43	15.99
o. Loss on closure of subsidiary company	-	-	-	0.05
p. Debts and advances written off	0.22	-	1.70	-
q. Provision for doubtful accounts (Net off write back) **	8.30	5.03	(4.81)	9.11
r. Staff recruitment expenses	14.06	4.93	28.58	8.68
s. Service charges	38.09	21.62	84.93	61.47
t. Provision for obsolete asset	-	-	-	7.04
u. Miscellaneous expenses #	5.42	3.24	13.21	12.12
# includes stamp duty & filing fees, registrar and share transfer expenses, membership and subscription fees etc.				
Total	424.71	244.44	944.82	693.81
** net of write back	(1.25)	(3.77)	(11.15)	(3.78)

Explanatory Notes to the Condensed financial statements for the quarter ended 30th September 2014.

21. Contingent Liabilities in respect of

- a) Claims not acknowledged as debt to Rs. 28.14 million (31st December 2013 Rs. 28.14 million).
- b) Claims for taxes on income:

Where Company is in appeal

Income tax demands of Rs. 122.65 million (31st December 2013 Rs. 112.39 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.

22. Related party disclosures

Name of related parties and description of Relationship

Name of the Related Parties	Country
Ultimate Holding Company and It's Subsidiaries	
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
Subsidiaries	
Hexaware Technologies Inc.	United States of America
Hexaware Technologies UK Ltd.	United Kingdom
Hexaware Technologies Asia Pacific Pte. Ltd.	Singapore
Hexaware Technologies GmbH.	Germany
Hexaware Technologies Canada Ltd.	Canada
Caliber Point Business Solutions Ltd. (refer Note No. 26)	India
FocusFrame Europe BV	Netherland
Hexaware Technologies, Mexico S. De. R.L. De. C.V.	Mexico
Risk Technology International Limited	India
Hexaware Technologies DO Brazil Ltd, Brazil #	Brazil
Key Management Personnel (KMP)	
Mr. Atul K. Nishar – Non Executive Chairman (KMP upto 11th October 2013)	
Mr. R. V. Ramanan – Executive Director and President Global Delivery (upto 15th September 2014)	
Mr. P. R. Chandrasekar – Vice Chairman (Chief Executive Officer upto 27th July 2014)	
Mr R. Srikrishna - Chief Executive Officer (w.e.f. 28th July 2014)	
Others	
Ms Kala Ramanan - Relative of KMP - Upto 15th September 2014.	
# Subsidiary of Hexaware Technoloigies UK Ltd	

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

Outstanding Balances with Subsidiaries

(Rupees Million)

Particulars	Name of the Related party and Nature of Relationship	Quarter ended 30th September		Nine months ended 30th September	
		2014	2013	2014	2013
Software and Consultancy Income	Subsidiaries				
	Hexaware Technologies Inc.	1,079.71	1,044.48	2,708.06	2,845.73
	Hexaware Technologies UK Ltd.	149.02	95.59	388.25	301.96
	Hexaware Technologies GmbH.	90.41	162.33	338.38	525.79
	Others	70.79	89.54	227.81	260.56
		1,389.93	1,391.94	3,662.50	3,934.04
Software and development expenses -Sub-contracting charges	Subsidiaries				
	Hexaware Technologies Inc.	38.87	22.17	117.76	70.42
	Caliber Point Business Solutions Limited	-	4.01	-	7.61
	Others	-	2.47	0.70	7.72
		38.87	28.65	118.46	85.75
Dividend Income	Subsidiaries				
	Hexaware Technologies Inc. USA	-	-	373.23	-
Reimbursement of cost to	Subsidiaries				
	Hexaware Technologies Inc.	71.66	-	72.55	-
	Hexaware Technologies UK Ltd.	3.32	11.86	14.61	18.37
	Others	2.01	3.83	6.08	8.13
		76.99	15.69	93.24	26.50
Receiving of Services	Remuneration to Key Management Personnel				
	R.V. Ramanan	2.43	8.00	11.15	25.78
	R. Srikrishna	0.76	-	0.76	-
	Subsidiaries				
	Caliber Point Business Solutions Limited	-	2.57	-	6.49
Recovery of cost / advances from	Subsidiaries				
	Hexaware Technologies Inc.	103.57	82.03	296.22	270.50
	Hexaware Technologies UK Ltd.	53.35	30.12	131.41	68.68
	Risk Technology International Ltd	93.73	0.27	93.73	0.82
	Others	7.91	15.65	30.46	30.34
		258.56	128.07	551.82	370.34
Rent Expenses	Subsidiaries				
	Hexaware Technologies Inc.	0.04	-	0.11	-
	Relative of Key Management Personnel				
	Ms Kala Ramanan	0.23	0.28	0.89	0.42

(Rupees Million)

Particulars	As at	As at
	30th September 2014	31st December 2013
Investment in Equity	1,846.02	2,004.94
Receivable towards software and Consultancy Income	1,893.45	1,582.66
Advances	367.60	239.33
Payable towards services and reimbursement of cost	1,549.87	1,395.84

23. Earnings per Share (EPS)

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

Particulars	Quarter Ended		Nine months ended	
	30 Sept 2014	30 Sept 2013	30 Sept 2014	30 Sept 2013
Net profit after tax (Rupees Million)	802.09	860.79	2,416.15	2,438.33
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)	2.67	2.88	8.05	8.18
Weighted average outstanding equity shares considered for diluted 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 considered for diluted EPS (Nos.)	301,886,261	300,946,275	301,802,535	300,775,176
Diluted Earnings per share (in Rupees)	2.66	2.86	8.01	8.11

24. Derivative Instruments:

- (i) Forward exchange contracts to sell US Dollar 107.71 Million and Euro 4.35 Million are outstanding as of 30th September 2014. (31st December 2013 US Dollar 162.56 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 30th September 2014. (31st December 2013 net loss of Rs. 40.86 million)
- (iii) Net loss of Rs. 429.17 million recognized in Hedging Reserve as of 30th September 2014 is expected to be classified to Statement of Profit and Loss over next twelve months.

25. "Provision Others" includes provisions towards expenditure relating employee benefit obligations on contract acquisition and lease renewal premium, the outflow for which is expected in the next twelve months.

Particulars	(Rupees Million)	
	Period Ended 30th September 2014	Year Ended 31st December 2013
Provision at the beginning of the year	133.01	169.82
Provision made during the period / year	16.60	0.00
Paid /Adjusted during the period / year	*(114.65)	(36.81)
Provision at the end of the period / year	34.96	133.01

*Adjusted in employment expenses Rs 89.65 million.

26. 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 10th October 2014, the appointed date of merger being 1st April 2013.

In accordance with the said Scheme and as per the approval of the Hon. High Court:

- The assets, liabilities, rights and obligations of the erstwhile CP have been transferred to and vested with the Company with effect from 1st April 2013,
- All assets and liabilities including reserves have been recorded at their respective book values, after eliminating inter Company balances, in accordance with 'Pooling of interest method of accounting as per Accounting Standard 14 as notified under section 211 (3C) of the Companies Act 1956.
- The share capital of CP of 117.80 million has been adjusted against the investment in the books of the Company of Rs 158.92 million and the resultant difference of Rs 41.12 million has been debited to the General Reserve.
- The Statement of Profit and Loss for the quarter and nine months ended September 30, 2014 include results of CP for the period from January 1, 2014 to September 30, 2014. Accordingly, figures for the current quarter include revenue of Rs 729.75 million pertaining to CP, while the impact on profit for the quarter and nine months period ended 30th September, 2014 is not significant. In view of the foregoing, figures for the current quarter / period are not strictly comparable with that of the corresponding figures.

27. Segments:

As per Accounting Standard 17 on 'Segment Reporting', segment information has been provided under the notes to Consolidated Financial Statements.

- 28.** Previous period's / year's figures have been regrouped / reclassified wherever necessary to correspond with the current period's classification / disclosure.

For and on behalf of the board

R. Srikrishna
(Chief Executive Officer)

Dileep Choksi
(Director)

Place : Mumbai

Date : 5th November 2014
