

**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 interim consolidated financial statements of **HEXAWARE TECHNOLOGIES LIMITED** (hereinafter referred to as the "Holding Company"), and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the Condensed Consolidated Balance Sheet as at 30th September, 2016, the Condensed Consolidated Statement of Profit and Loss for the quarter and nine months then ended, the Condensed Consolidated Cash Flow Statement for the nine months then ended, and the selected Explanatory notes (hereinafter referred to as "the condensed consolidated financial statements").

Management's Responsibility for the Condensed Interim Consolidated Financial Statements

The Holding Company's Board of Directors 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 the accounting principles generally accepted in India, including Accounting Standard (AS-25) on Interim Financial Reporting prescribed under Section 133 of the Companies Act, 2013, ("the Act"), read with relevant rules issued thereunder. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of the preparation of these condensed consolidated financial statements by the Directors of the Holding Company, as aforesaid.

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 condensed 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 condensed 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 financial control relevant to the Holding Company's preparation 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 whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the condensed consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on these condensed consolidated financial statements.

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, of the consolidated state of affairs of the Group as at 30th September, 2016, its consolidated profit for the quarter and nine months ended on that date and its consolidated cash flows for the nine months ended on that date.

Other Matters

- a) We did not audit the financial statements of eight subsidiaries whose financial statements reflect total assets of Rs. 3,114.84 million as at 30th September, 2016, total revenues of Rs. 1,321.63 million and Rs. 3,884.79 million for the quarter and nine months then ended respectively and net cash flows amounting to Rs. 104.51 million for the nine months then ended, 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 on the condensed consolidated financial statements, 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.

- b) We did not audit the financial information of two subsidiaries, whose financial information reflects total assets of Rs. 10.74 million as at 30th September, 2016, revenues of Rs. Nil for the quarter and nine months then ended and net cash flows amounting to Rs. 10.74 million for the nine months then ended, as considered in the consolidated financial statements. These financial information are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial information are not material to the Group.

Our opinion on the condensed consolidated financial statements is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial information certified by the Management.

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

Abhijit A. Damle
Partner
(Membership No. 102912)

MUMBAI, 25th October, 2016

Particulars	Note No.	As at	
		30th September 2016	As at 31st December 2015
I. EQUITY AND LIABILITIES			
Share holders' funds :			
a. Share capital	"3"	603.82	603.13
b. Reserves and surplus	"4"	15,528.30	13,728.93
		-----	-----
		16,132.12	14,332.06
Share application money pending allotment			
		0.06	-
Non-current liabilities :			
a. Deferred tax liabilities (net)	"5"	47.58	91.95
b. Other long-term liabilities	"6"	32.88	30.80
c. Long-term provisions - Employee benefits		406.67	322.67
		-----	-----
		487.13	445.42
Current liabilities :			
a. Trade payables		-	-
i) Dues of micro and small enterprises		-	-
ii) Others		1,185.61	981.88
b. Other current liabilities	"7"	2,814.01	2,985.02
c. Short-term provisions	"8"	1,230.15	1,553.52
		-----	-----
		5,229.77	5,520.42
		-----	-----
Total		21,849.08	20,297.90
		=====	=====
II. ASSETS			
Non-current assets :			
a. Fixed Assets :	"9"		
i) Tangible assets		3,391.01	3,378.30
ii) Intangible assets		1,967.39	1,949.85
iii) Capital work-in-progress		2,642.20	1,160.35
		-----	-----
		8,000.60	6,488.50
b. Non-current investments	"10"	4.58	4.58
c. Deferred tax asset (Net)	"5"	353.25	348.05
d. Long-term loans and advances	"11"	1,647.01	1,813.28
e. Other non-current assets	"12"	397.19	196.06
		-----	-----
		10,402.63	8,850.47
Current Assets :			
a. Current investments	"13"	325.30	409.33
b. Trade receivables	"14"	4,906.22	4,405.78
c. Cash and cash equivalents	"15"	2,936.79	3,864.46
d. Short-term loans and advances	"16"	736.63	769.35
e. Other current assets	"17"	2,541.51	1,998.51
		-----	-----
		11,446.45	11,447.43
		-----	-----
Total		21,849.08	20,297.90
		=====	=====
III. NOTES FORMING PART OF FINANCIAL STATEMENTS			
	"1 to 28"		

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board of Directors

Abhijit A. Damle
(Partner)

R. Srikrishna
(CEO and Executive Director)

Dileep Choksi
(Director)

Place : Mumbai
Date : 25th October, 2016.

HEXAWARE TECHNOLOGIES LIMITED

CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE QUARTER AND NINE MONTHS ENDED 30th SEPTEMBER 2016

(Rupees Million)

Particulars	Note No.	For the quarter ended 30th September 2016	For the quarter ended 30th September 2015	For the nine months ended 30th September 2016	For the nine months ended 30th September 2015
I. INCOME					
a. Revenue from operations		9,041.49	8,183.89	25,940.26	23,040.17
b. Other income	"18"	4.13	15.03	24.51	72.33
		-----	-----	-----	-----
		9,045.62	8,198.92	25,964.77	23,112.50
II. EXPENSES					
a. Software and development expenses	"19"	1,589.31	1,388.32	4,596.15	3,912.81
b. Employee benefits expense	"20"	4,967.23	4,523.76	14,598.48	12,873.58
c. Operations and other expense	"21"	837.32	699.27	2,429.88	1,995.07
d. Employee stock option compensation cost		71.46	111.58	191.45	203.43
e. Exchange rate difference (net)		(63.69)	(82.65)	(230.42)	(11.82)
f. Interest - others		1.17	0.66	1.33	0.83
g. Depreciation and amortization expense	"9"	141.75	120.71	418.67	351.00
		-----	-----	-----	-----
		7,544.55	6,761.65	22,005.54	19,324.90
Profit before Tax		1,501.07	1,437.27	3,959.23	3,787.60
Tax expense					
Income Tax - Current (net of MAT credit entitlement)		412.57	315.63	1,051.91	933.47
Income Tax - Deferred (Credit)		(25.94)	5.49	(48.95)	(84.36)
		-----	-----	-----	-----
		386.63	321.12	1,002.96	849.11
Profit for the period		1,114.44	1,116.15	2,956.27	2,938.49
		=====	=====	=====	=====
Earnings per share (in Rupees)	"24"				
Basic		3.69	3.70	9.80	9.75
Diluted		3.66	3.67	9.72	9.66
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 report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board of Directors

Abhijit A. Damle
Partner.
Place: Mumbai
Date : 25th October, 2016.

R. Srikrishna
(CEO and Executive Director)

Dileep Choksi
(Director)

Hexaware Technologies Limited
Condensed Consolidated Cash Flow Statement for the nine months ended 30th September, 2016

(Rupees Million)

Particulars	For the nine months ended 30th September 16	For the nine months ended 30th September 15
A Cash Flow from operating activities		
Net Profit before tax	3,959.23	3,787.60
Adjustments for:		
Depreciation and amortization expenses	418.67	351.00
Employee Stock option compensation cost	191.45	203.43
Interest income	(2.43)	(10.85)
Provision for doubtful accounts (net)	(4.26)	36.50
Debts and advances written off	1.47	5.28
Dividend from current investments	(10.29)	(39.82)
Loss on sale of fixed assets / Assets written off (Net)	(0.13)	0.10
Deferred settlement loss relating to roll-over cash flow hedges	-	184.36
Exchange rate difference (net) unrealised	74.70	12.02
Interest expense	1.33	0.83
Operating profit before working capital changes	4,629.74	4,530.45
Adjustments for:		
Trade and other receivables	(1,064.29)	(2,189.79)
Trade and other payables	227.70	423.36
Cash generated from operations	3,793.15	2,764.02
Direct Taxes Paid (Net)	(1,027.42)	(833.34)
Net cash from operating activities	2,765.73	1,930.68
B Cash flow from investing activities		
Purchase of fixed assets	(1,600.28)	(834.61)
Proceeds from sale of fixed assets	1.33	2.11
Interest received (Net of tax Rs. 0.47 Million (Rs. 1.23 Million))	2.35	10.21
Purchase of current investments	(5,950.29)	(7,965.57)
Proceeds from sale of investments	6,034.32	9,120.00
Dividend from current investments	10.29	39.82
Net cash (used in) / from investing activities	(1,502.28)	371.96
C Cash flow from financing activities		
Proceeds from issue of share capital (Net)	12.36	29.05
Interest and other finance charges paid	(1.33)	(0.83)
Dividend paid (including corporate dividend tax)	(2,142.72)	(2,355.68)
Net cash used in financing activities	(2,131.69)	(2,327.46)
Net (Decrease) in cash and cash equivalents	(868.24)	(24.82)
Cash and cash equivalents at the beginning of the period	3,791.16	2,859.76
Cash and cash equivalents at the end of the period (Refer Note No. 1 below)	2,922.92	2,834.94

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	3,101.15	3,119.78
Less: Restricted Bank Balances	(164.36)	(236.89)
Cash and cash Equivalents	2,936.79	2,882.89
Effect of changes in Exchange rate in cash and cash equivalents	(13.87)	(47.95)
Total Cash and Cash equivalents	2,922.92	2,834.94

2. The previous period's figures have been regrouped wherever necessary.

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board of Directors

Abhijit A. Damle
(Partner)

R. Srikrishna **Dileep Choksi**
(CEO and Executive Director) (Director)

Place: Mumbai
Date : 25th October, 2016.

HEXAWARE TECHNOLOGIES LIMITED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 Background

Hexaware Technologies Limited (“Hexaware” or the “Holding Company”) is a public limited company incorporated in India. The Company is engaged in information technology consulting, software development and business process management. Hexaware provides multiple service offerings to its clients across various industries comprising travel, transportation, hospitality, logistics, banking, financial services, insurance, healthcare, manufacturing 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 are prepared using the same basis / accounting policies as those used for the audited financial statements for the year ended on 31st December 2015. 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 (Subsidiary of Hexaware Technologies Inc.) (Closed w.e.f. 31st March 2015)	Netherland
Hexaware Technologies Asia Pacific Pte Limited	Singapore
Hexaware Technologies GmbH.	Germany
Hexaware Technologies Canada Limited.	Canada
Risk Technology International Limited	India
Hexaware Technologies DO Brazil Ltd , Brazil (Subsidiary of Hexaware Technologies UK Ltd)	Brazil
Guangzhou Hexaware Information Technologies Company Limited (formed and comenced business on 21st May 2015)	China
Hexaware Technologies LLC (formed on 14th October 2015)	Russia
Hexaware Technologies Saudi LLC (Received invstment license, registration is under process.)	Saudi Arabia
Hexaware Technologies Romania SRL (formed on 28th September 2016) (subsidiary of Hexaware Technologies UK Ltd)	Romania

Particulars	As at 30th September 2016		As at 31st December 2015	
3 SHARE CAPITAL				
a. Authorised				
475,000,000 Equity Shares of Rs. 2/- each		950.00		950.00
1,100,000 Series "A" Preference Shares of Rs. 1,421/- 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		2,513.10		2,513.10
b. Issued, Subscribed and Paid-up Capital				
Equity Shares of Rs. 2/- each Fully Paid.		603.82		603.13
Total		603.82		603.13
c. Reconciliation of number of shares				
Particulars	Numbers	Amount	Numbers	Amount
Shares outstanding at the beginning of the period / year	301,562,897	603.13	300,923,472	601.85
Shares issued during the period / year	348,325	0.69	639,425	1.28
Shares outstanding at the end of the period / year	301,911,222	603.82	301,562,897	603.13
d. Details of shares held by shareholders holding more than 5% shares				
Name of Shareholder	No. of Shares held	% of holding	No. of Shares held	% of holding
HT Global IT Solutions Holdings Ltd. (Holding Company)	215,047,193	71.23	215,047,193	71.31
e. Shares allotted as fully paid up by way of bonus shares during five years preceding the year 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 schemes and restricted stock units under the ESOP 2008 and 2015 scheme. Each option entitles the holder to one equity share of Rs. 2 each. 8,989,540 (9,844,513) options were outstanding as on 30th September, 2016.				
h. Shares application money pending allotment				
Share application money pending allotment is Rs. 0.06 Million (Rs. Nil) as at 30th September, 2016, which pertains to 28,365 (Nil) shares.				
i. The Board of Directors, at its meeting held on 25th October, 2016 has declared 50% dividend of Rs. 1 /- per equity share.				
j. The Board of Directors, at its meeting held on 25th October, 2016, approved a buyback proposal, subject to approval of the shareholders, for purchase by the Company of upto 5.69 Million shares of Rs. 2 each (representing 1.9% of total equity capital) from the shareholders of the Company on a proportionate basis by way of a tender offer route at a price of Rs. 240 per equity share for an aggregate amount not exceeding Rs. 1,367 Million in accordance with the provisions of the Companies Act, 2013 and SEBI (Buy Back of Securities) Regulations, 1998.				

HEXAWARE TECHNOLOGIES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Rupees Million)

Particulars	As at		As at	
	30th September 2016		31st December 2015	
4 RESERVES AND SURPLUS				
a Securities premium account				
As per last Balance Sheet	4,772.37		4,741.93	
Add : Received during the year	11.61		30.44	
	-----	4,783.98	-----	4,772.37
b Employee stock options outstanding				
As per last Balance Sheet	232.66		-	
Add: Employee stock options compensation cost	191.45		232.66	
	-----	424.11	-----	232.66
c General reserve				
As per last Balance Sheet	2,144.05		2,140.38	
Add : Transfer from Statement of Profit and Loss	-		3.67	
	-----	2,144.05	-----	2,144.05
d Hedging reserve				
As per last Balance Sheet	15.96		(253.01)	
Add: (Profit) / Losses transferred to Statement of Profit and Loss on occurrence of forecasted hedge transactions (Net)	(89.56)		109.97	
Add: Changes in the fair value of the effective portion of outstanding cash flow hedges	380.63		159.00	
	-----	307.03	-----	15.96
e Amalgamation reserve		2.88		2.88
f Special Economic Zone Re-investment reserve				
As per last Balance Sheet	329.52		281.39	
Add : Transfer from Balance in Statement of Profit and Loss	170.21		172.75	
Less : Transfer to Statement of Profit and Loss on utilisation for acquisition of plant and machinery.	160.09		124.62	
	-----	339.64	-----	329.52
g Currency translation reserve				
As per last Balance Sheet	1,109.70		1,011.72	
Addition during the period / year (Net)	(16.04)		97.98	
	-----	1,093.66	-----	1,109.70
h Balance in Statement of Profit and Loss				
As per last Balance Sheet	5,121.79		4,378.41	
Add : Profit for the period / year	2,956.27		3,932.10	
Add : Transfer from Special Economic Zone Re-investment reserve	160.09		124.62	
	-----	8,238.15	-----	8,435.13
Less : Appropriations				
Interim Dividend - Equity	1,358.45		2,608.16	
Tax on Dividend	276.54		528.76	
Transfer to General Reserve	-		3.67	
Transfer to Special Economic Zone Re-investment Reserve	170.21		172.75	
	-----	1,805.20	-----	3,313.34
	-----	6,432.95	-----	5,121.79
Total		-----	-----	-----
		15,528.30		13,728.93

HEXAWARE TECHNOLOGIES LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Rupees Million)

PARTICULARS	As at 30th September 2016	As at 31st December 2015
5 DEFERRED TAX ASSETS / LIABILITIES		
a. Deferred tax assets:		
i. Provision for doubtful receivables	8.59	8.53
ii. Depreciation	12.37	9.83
iii. Employee benefits	312.11	288.60
iv. Provision - others	19.05	40.82
v. Others	1.13	0.27
Total	353.25	348.05
b. Deferred tax liabilities:		
i. Depreciation	180.20	169.51
Total	180.20	169.51
Less: Deferred tax assets:		
i. Employee benefits	77.27	67.49
ii. Provision others	31.15	-
ii. Provision for doubtful debts and advances	24.20	10.07
Total	132.62	77.56
Total	47.58	91.95
6 OTHER LONG-TERM LIABILITIES		
a For expenses	4.84	3.53
b Capital creditors	28.04	27.27
Total	32.88	30.80
7 OTHER CURRENT LIABILITIES		
a Unearned revenues	103.14	275.13
b Unclaimed dividend *	133.21	119.92
c Other payables		
- Employee related	1,064.02	1,036.83
- Statutory liabilities	345.99	367.31
- Deposit received from customer / lessee	0.38	0.38
- Capital creditors	400.23	389.57
- For expenses	767.04	795.88
Total	2,814.01	2,985.02
* There is no amount due and outstanding to be credited to Investor Education and Protection Fund.		
8 SHORT-TERM PROVISIONS		
a For employee benefits	557.81	488.18
b Proposed dividend	301.91	723.75
c Tax on proposed dividend	61.46	147.34
d Provision for taxation (net of advance tax) (net of MAT credit availed Rs. 47.68 Million (Rs. 47.68 Million))	184.46	104.47
e Others (Refer note no. 26)	124.51	89.78
Total	1,230.15	1,553.52

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 01.01.2016	Additions	Deductions/ Adjustments	As at 30.09.2016	As at 01.01.2016	For the period	Deductions/ Adjustments	As at 30.09.2016	As at 30.09.2016	As at 31.12.2015
A	TANGIBLE ASSETS										
1	Land - Freehold	0.15	-	-	0.15	-	-	-	-	0.15	0.15
	Land - Leasehold (Refer note no.1)	455.87	120.24	-	576.11	34.64	4.32	-	38.96	537.15	421.23
2	Buildings	2,250.89	1.01	-	2,251.90	223.72	30.44	-	254.16	1,997.74	2,027.17
3	Plant and Machinery	1,763.17	137.87	28.73	1,872.31	1,293.90	167.10	28.16	1,432.84	439.47	469.27
4	Office Equipments	834.51	36.86	6.38	864.99	617.70	74.68	5.92	686.46	178.53	216.81
5	Furniture and Fixtures	604.72	23.11	9.09	618.74	434.65	35.17	7.84	461.98	156.76	170.07
6	Leasehold Improvements	105.68	32.74	4.32	134.10	39.26	21.72	3.15	57.83	76.27	66.42
7	Vehicles	26.48	0.17	0.81	25.84	19.30	2.20	0.60	20.90	4.94	7.18
	Total - Tangible Assets	6,041.47	352.00	49.33	6,344.14	2,663.17	335.63	45.67	2,953.13	3,391.01	3,378.30
	<i>Previous year</i>	<i>5,718.38</i>	<i>402.50</i>	<i>79.41</i>	<i>6,041.47</i>	<i>2,338.51</i>	<i>402.75</i>	<i>78.09</i>	<i>2,663.17</i>	<i>3,378.30</i>	
B	INTANGIBLE ASSETS										
1	Softwares	452.53	70.44	0.30	522.67	331.43	61.76	0.31	392.88	129.79	121.10
2	Customer Contracts/Relations	115.55	-	(19.78)	135.33	2.14	21.28	(1.56)	24.98	110.35	113.41
3	Goodwill On Consolidation	1,715.34	-	(11.91)	1,727.25	-	-	-	-	1,727.25	1,715.34
	Total - Intangible Assets	2,283.42	70.44	(31.39)	2,385.25	333.57	83.04	(1.25)	417.86	1,967.39	1,949.85
	<i>Previous year</i>	<i>2,011.39</i>	<i>190.04</i>	<i>(81.99)</i>	<i>2,283.42</i>	<i>252.94</i>	<i>79.72</i>	<i>(0.91)</i>	<i>333.57</i>	<i>1,949.85</i>	
C	CAPITAL WORK IN PROGRESS									2,642.20	1,160.35
	(Mainly in respect of buildings under construction)										
	CURRENT PERIOD	8,324.89	422.44	17.94	8,729.39	2,996.74	418.67	44.42	3,370.99	8,000.60	6,488.50
	<i>PREVIOUS YEAR</i>	<i>7,729.77</i>	<i>592.54</i>	<i>(2.58)</i>	<i>8,324.89</i>	<i>2,591.45</i>	<i>482.47</i>	<i>77.18</i>	<i>2,996.74</i>	<i>6,488.50</i>	

Notes:

- Includes Rs. 90.00 Million and Rs. 8.08 Million (Previous Year Rs. 7.40 Million) being lease premium and accumulated amortisation respectively in respect part of leasehold land allotted to the Company at Nagpur for which final lease agreement is being executed.
- Plant and machinery includes computer systems.
- Exchange difference (net) on account of translation of fixed assets into INR included under deductions / adjustments is as follows:

(Rupees Million)

Particulars	Gross Block	Depreciation
Goodwill on consolidation	11.91	-
TANGIBLE ASSETS		
Plant and Machinery	5.22	4.84
Office Equipments	0.99	0.69
Furniture and Fixtures	2.67	2.06
Leasehold Improvements	3.74	2.57
Vehicles	0.01	0.01
Intangible Assets		
Computer Softwares	0.30	0.30
Customer Contracts/Relations	19.78	1.56
Current Period	44.62	12.03
<i>Previous year</i>	<i>87.55</i>	<i>6.41</i>

HEXAWARE TECHNOLOGIES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Rupees Million)

Particulars	As at 30th September 2016	As at 31st December 2015
10 NON CURRENT INVESTMENTS		
Trade Investments - Others - Unquoted (At cost)		
240,958 equity shares of Rs. 10/- each fully paid up in Beta Wind Farm Pvt.Ltd.	4.58	4.58
Total	4.58	4.58
11 LONG TERM LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD)		
a Capital advances	58.42	353.35
b Security deposits	163.29	136.85
c Advance income tax and fringe benefit tax (net of provision for tax)	378.57	342.24
d MAT credit entitlement	947.27	917.48
e Other loans and advances (includes service tax receivable, prepaid expenses, etc.)	99.46	63.36
Total	1,647.01	1,813.28
12 OTHER NON CURRENT ASSETS		
a Interest accrued on deposits	0.41	0.51
b Unbilled services	103.25	39.69
c Receivable on account of mark to market gains on derivative contracts (Refer note no. 23)	129.17	1.77
d Non current bank balances Restricted bank balances (Refer note no. 15)	164.36	154.09
Total	397.19	196.06
13 CURRENT INVESTMENTS		
Investments in Mutual funds (Unquoted)	325.30	409.33
Total	325.30	409.33

HEXAWARE TECHNOLOGIES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Rupees Million)

Particulars	As at 30th September 2016	As at 31st December 2015
14 TRADE RECEIVABLES (UNSECURED)		
a Over six months from the due date		
Considered good	37.03	26.49
Considered doubtful	85.94	83.61
	-----	-----
	122.97	110.10
Less: Provision for doubtful receivables	85.94	83.61
	-----	-----
	37.03	26.49
b Others		
Considered good	4,869.19	4,379.29
Considered doubtful	11.69	19.68
	-----	-----
	4,880.88	4,398.97
Less: Provision for doubtful receivables	11.69	19.68
	-----	-----
	4,869.19	4,379.29
Total	----- 4,906.22	----- 4,405.78
15 CASH AND CASH EQUIVALENTS		
a Cash in hand	0.12	0.03
b Balances with banks		
In current accounts	2,880.09	3,858.72
Remittances in transit	18.14	2.06
Bank deposit accounts with less than 3 months maturity	35.59	3.65
	-----	-----
	2,933.82	3,864.43
c Other bank balances:		
Unclaimed dividend accounts	133.58	120.28
Margin money	30.78	33.81
Bank deposit accounts with more than 3 months and upto 12 months maturity	2.85	-
	-----	-----
	167.21	154.09
Cash and bank balances	3,101.15	4,018.55
d Bank balances reclassified as non current assets		
Restricted bank balances (Refer note no. 12)	(164.36)	(154.09)
Total	----- 2,936.79	----- 3,864.46
16 SHORT TERM LOANS AND ADVANCES (UNSECURED)		
a Considered good		
i. Security deposits	33.70	9.70
ii. Advance Income Tax (net of provision for tax)	19.32	25.67
iii. Other loans and advances (includes service tax receivable, prepaid expenses, employee travel advances etc.)	683.61	733.98
	-----	-----
	736.63	769.35
b Considered doubtful		
Security deposits	35.14	35.15
Less : Provision for doubtful deposits	35.14	35.15
	-----	-----
	-	-
Total	----- 736.63	----- 769.35
17 OTHER CURRENT ASSETS		
a Interest accrued on deposits	0.76	1.05
b Unbilled services	2,311.12	1,978.38
c Receivable on account of mark to market gains on derivative contracts (net) (Refer note no. 23)	229.63	19.08
	-----	-----
Total	----- 2,541.51	----- 1,998.51

HEXAWARE TECHNOLOGIES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Rupees Million)

Particulars	For the quarter ended 30th September 2016	For the quarter ended 30th September 2015	For the nine months ended 30th September 2016	For the nine months ended 30th September 2015
18 OTHER INCOME				
Dividend from current investments	2.53	8.30	10.29	39.82
Interest income	0.54	4.70	2.43	10.85
Profit / (Loss) on sale of fixed assets (net)	0.08	0.23	0.13	(0.10)
Miscellaneous income	0.98	1.80	11.66	21.76
Total	4.13	15.03	24.51	72.33
	=====	=====	=====	=====
19 SOFTWARE AND DEVELOPMENT EXPENSES				
Consultant travel and related expenses	352.57	352.29	1,171.85	1,110.41
Software expenses *	1,236.74	1,036.03	3,424.30	2,802.40
Total	1,589.31	1,388.32	4,596.15	3,912.81
	=====	=====	=====	=====
* Includes subcontracting charges	1,208.38	989.42	3,354.66	2,695.17
20 EMPLOYEE BENEFITS EXPENSE				
Salary and other allowances	4,332.32	3,901.44	12,731.23	11,219.05
Contribution to provident and other funds	527.05	503.81	1,528.56	1,365.68
Staff welfare expenses	107.86	118.51	338.69	288.85
Total	4,967.23	4,523.76	14,598.48	12,873.58
	=====	=====	=====	=====
21 OPERATIONS AND OTHER EXPENSE				
Rent	101.72	70.15	272.11	199.34
Rates and taxes	11.86	12.20	30.50	31.35
Travelling and conveyance	194.52	188.28	585.63	522.78
Electricity charges	54.21	53.74	162.18	150.73
Communication expenses	75.62	63.79	212.95	177.96
Repairs and maintenance	111.59	63.44	271.15	182.47
Printing and stationery	10.54	7.55	31.19	24.67
Auditors remuneration	8.63	8.62	26.20	25.93
Legal and professional fees	49.12	29.00	117.18	102.61
Advertisement and business promotion	65.36	44.68	229.32	111.77
Bank and other charges	2.48	2.74	7.54	7.26
Directors' sitting fees	0.44	0.23	1.36	1.04
Insurance charges	16.50	13.36	41.68	38.91
Debts and advances written off	-	1.61	1.47	5.28
Provision for doubtful accounts (net of write back) *	(14.77)	11.78	(4.26)	36.50
Staff recruitment expenses	44.96	50.11	137.40	115.78
Service charges	49.64	46.63	164.86	145.16
Corporate Social Responsibility Expenditure	11.75	3.44	27.46	8.44
Miscellaneous expenses	43.15	27.92	113.96	107.09
Total	837.32	699.27	2,429.88	1,995.07
	=====	=====	=====	=====
* Net of write backs	23.81	8.17	47.46	13.62

HEXAWARE TECHNOLOGIES LIMITED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

22 Contingent liability in respect of :

a) Claims not acknowledged as debt Rs. 28.14 million(31st December 2015 Rs 28.14 million), being a claim from landlord of a premise occupied by the Holding Company in an earlier year. The Company is confident of successfully contesting the aforesaid matter and does not expect any outflow on this count.

b) Claims for taxes on income:

i. Where Holding Company is in appeal

Income tax demands of Rs 9.59 million (31st December 2015 Rs 9.74 million) have been raised in respect of assessments completed in earlier year, arising from certain disallowances by the Income tax authorities. The Company has appealed against the orders and based on merit, expects favourable outcome. Hence no provision against such demand is considered necessary.

ii. Others:

In an 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 had filed an appeal with Income Tax Appellate Tribunal. Subsequent to the period ended 30th September 2016, the Company has received favourable Order from the Tribunal.

23 Derivative Instruments

Forward exchange contracts to Sell US Dollar 142.32 million, Euro 4.30 million and GBP 4.20 million are outstanding as at 30th September 2016 (As at 31st December 2015 US Dollar 156.94 million, Euro 5.60 million and GBP 4.20 million)

Fair value net gain on the derivative instruments identified as cash flow hedges is Rs. 358.80 million as at 30th September, 2016 (As at 31st December 2015 Rs. 20.85 million).

Net gain of Rs.307.03 million recognized in Hedging Reserve as at 30th September 2016 is expected to be recycled to Statement of Profit and Loss over two years.

24 Earnings Per Share (EPS) - The components of basic and diluted EPS are as follows :

Particulars	For the quarter ended		For the nine months ended	
	30th September 2016	30th September 2015	30th September 2016	30th September 2015
Net profit after tax (Rs. Million)	1,114.44	1,116.15	2,956.27	2,938.49
Weighted average outstanding equity shares considered for basic EPS (Nos)	301,837,467	301,397,685	301,752,841	301,240,241
Basic Earnings per share (in Rs.)	3.69	3.70	9.80	9.75
Weighted average outstanding equity shares considered for basic EPS (Nos)	301,837,467	301,397,685	301,752,841	301,240,241
Add : Dilutive impact of employee stock options (Nos)	2,444,653	2,929,230	2,519,247	3,051,899
Weighted average outstanding equity shares considered for diluted EPS (Nos)	304,282,120	304,326,915	304,272,088	304,292,140
Diluted Earnings per share: (in Rs.)	3.66	3.67	9.72	9.66

HEXAWARE TECHNOLOGIES LIMITED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

25 Related party disclosures

Names of related parties

Ultimate Holding Company and it's subsidiaries

Baring Private Equity Asia GP V. LP, Cayman Island (Ultimate holding company) (control exists)

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

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

Holding Company (control exists)

HT Global IT Solutions Holdings Limited, Mauritius

Key Management Personnel

Mr. R. Srikrishna - Executive Director and CEO

Mr Amrinder Singh - Whole Time Director of Hexaware Technologies UK Ltd

Mr Rajiv Pant – President, North America operations of Hexaware Technologies Inc. (upto 30th August 2015)

Particulars	Remuneration (Rs Million)	
	Quarter Ended 30th September 2016	Nine Months Ended 30th September 2016
Mr R Srikrishna (including share based payment)	30.81	87.17
	(34.65)	(101.82)
Mr. Amrinder Singh	5.17	21.61
	(5.89)	(17.01)
Mr. Rajiv Pant	-	-
	(3.15)	(33.35)
Previous period figures are given in brackets		
	Closing balances as at	
	30th September 2016	31st December 2015
Payable to KMP	26.37	36.35
Options / RSU's granted to KMP (Nos.)	845,830	607,238

26 'Provision Others' represents provisions towards expenditure relating to employee benefit obligations on contract restructuring acquisition (previous year including provision for loss on contract execution), the outflow for which is expected in one year.

(Rs. Million)

Particulars	As at	
	30th September 2016	31st December 2015
Provision at the beginning of the period / year	89.78	92.30
Provision made during the period / year	90.00	85.62
Paid /Adjusted during the period / year	(55.27)	(88.14)
Provision at the end of the period / year	124.51	89.78

HEXAWARE TECHNOLOGIES LIMITED
 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

27 Segments

Quarter ended 30th September, 2016					
					(Rupees Million)
Primary Segment : Business Segments	Travel and Transportation	Banking and Financial Services	Insurance and Healthcare	Manufacturing, Consumer and Others	Total
Segment Revenue	1,309.48	3,761.40	1,450.49	2,520.12	9,041.49
	(1,365.58)	(3,078.76)	(1,344.03)	(2,395.52)	(8,183.89)
Segment Results	239.50	471.39	324.96	540.32	1,576.17
	(280.40)	(395.43)	(287.95)	(497.18)	(1,460.96)
Less: Unallocable expenses					78.06
					(38.06)
Add: Other Income					4.13
					(15.03)
Less: Interest - others					1.17
					(0.66)
Profit before tax					1,501.07
					(1,437.27)
Less: Tax expense					386.63
					(321.12)
Profit after tax					1,114.44
					(1,116.15)
Secondary Segment – Geographic Segment	North America	Europe	India	Rest of the World	Total
Revenue attributable to location of customers	7,496.87	1,024.79	214.39	305.44	9,041.49
	(6,629.55)	(1,086.62)	(151.02)	(316.70)	(8,183.89)
Segment assets based on their locations	6,663.91	1,422.67	9,592.25	215.32	17,894.15
	(6,665.38)	(1,275.47)	(8,076.17)	(363.50)	(16,380.52)
Additions to fixed assets (including capital work in progress)	2.98	2.72	613.77	0.27	619.74
	(71.76)	(2.63)	(388.76)	(0.85)	(464.00)
Goodwill	1,575.12	152.13	-	-	1,727.25
	(1,564.26)	(151.08)	(-)	(-)	(1,715.34)

HEXAWARE TECHNOLOGIES LIMITED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Nine months ended 30th September, 2016					
					(Rupees Million)
Primary Segment : Business Segments	Travel and Transportation	Banking and Financial Services	Insurance and Healthcare	Manufacturing, Consumer and Others	Total
Segment Revenue	3,822.81	10,454.33	4,371.03	7,292.09	25,940.26
	(3,882.58)	(8,587.18)	(3,672.62)	(6,897.79)	(23,040.17)
Segment Results	676.61	1,141.64	896.73	1,409.32	4,124.30
	(723.45)	(1,102.32)	(809.78)	(1,419.73)	(4,055.28)
Less: Unallocable expenses					188.25
					(339.18)
Add: Other Income					24.51
					(72.33)
Less: Interest - others					1.33
					(0.83)
Profit before tax					3,959.23
					(3,787.60)
Less: Tax expense					1,002.96
					(849.11)
Profit after tax					2,956.27
					(2,938.49)
Secondary Segment – Geographic Segment	North America	Europe	India	Rest of the World	Total
Revenue attributable to location of customers	21,422.74	3,047.40	547.01	923.11	25,940.26
	(18,722.52)	(2,966.01)	(426.62)	(925.02)	(23,040.17)
Segment assets based on their locations	6,663.91	1,422.67	9,592.25	215.32	17,894.15
	(6,665.38)	(1,275.47)	(8,076.17)	(363.50)	(16,380.52)
Additions to fixed assets (including capital work in progress)	89.77	14.40	1,798.99	1.13	1,904.29
	(118.38)	(3.02)	(787.47)	(1.63)	(910.50)
Goodwill	1,575.12	152.13	-	-	1,727.25
	(1,564.26)	(151.08)	(-)	(-)	(1,715.34)

Notes

(a) The Company has identified business segment as the primary segment. Business 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 systems.

(b) 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.

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

(d) Previous period /year figures are given in brackets.

HEXAWARE TECHNOLOGIES LIMITED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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Previous period / years figures have been regrouped / reclassified wherever necessary to correspond with the current period classification / disclosure.

For and on behalf of the board

R Srikrishna
(CEO and Executive Director)

Dileep Choksi
(Director)

Place : Mumbai
Date : 25th October 2016