

Hexaware Technologies Limited

Period from 1st January 2012 to 30th June 2012

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

Report on the Condensed Interim Financial Statements

1. We have audited the accompanying condensed interim financial statements of **HEXAWARE TECHNOLOGIES LIMITED** ("the Company"), which comprise the Condensed Balance Sheet as at June 30, 2012, the Condensed Statement of Profit and Loss for the quarter and six months ended June 30, 2012, the Condensed Cash Flow Statement for the six months ended June 30, 2012 and Selected Explanatory Notes. 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 25 (Interim Financial Reporting), as notified by the Companies (Accounting Standards) Rules, 2006 ("AS 25") and other accounting principles generally accepted in India. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. 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 June 30, 2012;
 - (b) in the case of the Condensed Statement of Profit and Loss, of the profit of the Company for the quarter and six 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 six months ended on that date.

For Deloitte Haskins & Sells
Chartered Accountant
[Firm Registration No.: 117366W]

Sd/-
R. D. Kamat
Partner
Membership No. 36822

MUMBAI, July 31, 2012

Hexaware Technologies Limited

Period from 1st January 2012 to 30th June 2012

CONDENSED BALANCE SHEET AS AT 30TH JUNE 2012

(Rs. Million)

Particulars	Note No.	As at 30th June'12	As at 31st December' 11
I. EQUITY AND LIABILITIES			
Share holders' funds :			
a. Share capital	"2"	592.12	586.72
b. Reserves and surplus	"3"	8,302.35	7,998.70
		-----	-----
		8,894.47	8,585.42
Non-current liabilities :			
a. Deferred tax liabilities (net)	"4"	89.48	-
b. Other Long term liabilities	"5"	107.48	122.97
c. Long-term provisions	"6"	247.00	186.64
		-----	-----
		443.96	309.61
Current liabilities :			
a. Trade payables		1,256.02	1,215.98
b. Other current liabilities	"7"	1,089.32	1,398.45
c. Short term provisions	"8"	830.01	890.59
		-----	-----
		3,175.35	3,505.02
		-----	-----
		12,513.78	12,400.05
		=====	=====
Total			
II. ASSETS			
Non-current assets :			
a. Fixed assets	"9"		
i. Tangible assets		2,322.97	2,084.25
ii. Intangible assets		46.89	40.26
iii. Capital work-in-progress		757.05	798.67
		-----	-----
		3,126.91	2,923.18
b. Non-current investments	"10"	2,014.08	2,069.67
c. Long-term loans and advances	"11"	894.29	820.13
d. Other non-current assets	"12"	182.16	651.83
Current assets :			
a. Current Investments	"13"	659.70	228.77
b. Trade receivables	"14"	2,182.39	1,964.28
c. Cash and cash equivalents	"15"	2,489.98	2,907.29
d. Short-term loans and advances	"16"	627.62	625.72
e. Other current assets	"17"	336.65	209.18
		-----	-----
		6,296.34	5,935.24
		-----	-----
		12,513.78	12,400.05
		=====	=====
Total			

III. NOTES FORMING PART OF FINANCIAL STATEMENTS

"1 to 30"

In terms of our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of the board

R. D. Kamat
Partner

Sd/-
R.V. Ramanan
(Executive Director and President
Global delivery)

Sd/-
S. Doreswamy
(Chairman-Audit Committee)

Sd/-
Prateek Aggarwal
(Chief Financial Officer)

Place : Mumbai
Date : July 31st, 2012

Hexaware Technologies Limited

Period from 1st January 2012 to 30th June 2012

CONDENSED STATEMENT OF PROFIT AND LOSS FOR THE HALF YEAR ENDED 30TH JUNE 2012

(Rs. Million)

Particulars	Note No.	For the quarter ended 30th June'12	For the quarter ended 30th June'11	For the half year ended 30th June'12	For the half year ended 30th June'11
I. INCOME					
a. Revenue from operations		2,443.79	1,528.42	4,573.43	2,957.27
b. Other income	"18"	107.60	111.34	268.86	204.39
		-----	-----	-----	-----
		2,551.39	1,639.76	4,842.29	3,161.66
II. EXPENSES					
a. Software and development expenses	"19"	168.53	169.95	289.08	352.44
b. Employee benefit expense	"20"	1,121.44	788.67	2,115.46	1,515.76
c. Operation and other expenses	"21"	222.43	184.29	421.20	372.31
d. Exchange rate difference (net)		39.71	(138.75)	13.29	(226.77)
e. Finance costs	"22"	0.76	1.78	0.77	2.39
f. Depreciation and amortization expense	"9"	62.76	43.80	120.54	90.80
		-----	-----	-----	-----
		1,615.63	1,049.74	2,960.34	2,106.93
Profit before tax		-----	-----	-----	-----
		935.76	590.02	1,881.95	1,054.73
Tax expense					
a. Income tax - current taxes		189.11	112.18	365.69	172.14
b. Less : MAT credit entitlement		(65.36)	(44.98)	(149.19)	(98.85)
c. Income tax - previous years		(1.06)	-	(1.06)	-
		-----	-----	-----	-----
d. Net current tax expense		122.69	67.20	215.44	73.29
e. Income tax - deferred taxes		66.53	-	89.48	-
		-----	-----	-----	-----
		189.22	67.20	304.92	73.29
Profit for the year		-----	-----	-----	-----
		746.54	522.82	1,577.03	981.44
Earnings per share (in Rupees)					
	"26"	=====	=====	=====	=====
Basic		2.52	1.79	5.35	3.37
Diluted		2.48	1.75	5.24	3.28
Face value of equity share (in Rupees)		2.00	2.00	2.00	2.00

III. NOTES FORMING PART OF FINANCIAL STATEMENT: "1 to 30"

In terms of our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of the board

Sd/-
R.V. Ramanan
(Executive Director and President
Global delivery)

Sd/-
S. Doreswamy
(Chairman-Audit Committee)

Sd/-
Prateek Aggarwal
(Chief Financial Officer)

Place : Mumbai

Date : 31st July, 2012

Hexaware Technologies Limited

Period from 1st January 2012 to 30th June 2012

CASH FLOW STATEMENT FOR HALF YEAR ENDED 30TH JUNE, 2012

(Rs. Million)

	Half year ended Jun-2012	Half year ended Jun-2011
A Cash flow from operating activities		
Net Profit before tax and after exceptional items	1,881.95	1,054.73
Adjustments for :		
Depreciation and amortization	120.54	90.80
Employees share based payment cost	0.76	1.62
Dividend from current investments	(21.51)	(52.44)
Dividend from subsidiary company	(46.67)	-
Interest income	(160.58)	(124.60)
Provision for doubtful accounts (net)	(4.92)	14.08
Loss / (Profit) on sale of investments (net)	-	0.34
Bad Debts written off	2.05	1.11
Deferred cancellation (loss) / gain relating to roll-over cash flow hedges	(429.77)	48.37
Profit on sale of fixed assets (net)	(0.17)	(0.03)
Interest expense	0.77	2.39
Ex change rate difference	(0.60)	(0.27)
Operating Profit before working capital changes	1,341.85	1,036.10
Adjustments for :		
Trade and other receivables	(343.51)	(682.56)
Trade and other payables	(64.86)	302.36
Cash generated from operations	933.48	655.90
Direct taxes paid	(263.75)	(159.87)
Net cash from operating activities	669.73	496.03
B Cash flow from investing activities		
Purchase of fixed assets	(363.49)	(318.53)
Proceeds from reduction of trade investment	64.23	-
Purchase of other investments	(7,090.25)	(8,463.83)
Interest received (net of tax Rs. 31.53 million (Rs. Nil))	83.24	133.31
Purchase of trade investment	(8.64)	-
Proceeds from sale / redemption of investments	6,659.32	8,014.56
Dividend from subsidiary company (net of tax Rs. 9.33 million (Rs. Nil))	37.34	-
Dividend from current investments	21.51	52.44
Proceeds from sale of fixed assets	0.17	0.06
Net cash used in investing activities	(596.57)	(581.99)
C Cash flow from financing activities		
Proceeds from issue of shares	43.74	24.98
Share application money received	-	0.60
Interest paid	(0.77)	(2.39)
Dividend paid (including corporate dividend tax)	(1,020.91)	(571.87)
Proceeds from loan (short term)	-	558.75
Net cash (used in) / from financing activities	(977.94)	10.07
Net Decrease in cash and cash equivalents	(904.78)	(75.89)
Cash and cash equivalents at the beginning of the year	3,392.68	3,660.61
Cash and cash equivalents at the end of the year (Refer Note No. 1 below)	2,487.90	3,584.72
Notes:		
1 Components of cash and cash equivalents comprise the following :		
Cash and Bank Balances (Refer Note no. 15 of notes forming part of financial statements)	2,642.66	3,592.56
Less : Unrealised gain/(loss) on foreign currency cash and cash equivalents	2.08	(0.04)
Less : Restricted bank balances	152.68	7.88
Total Cash and Cash equivalents	2,487.90	3,584.72
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.		

Notes 1 to 30 forms part of financial statements

In terms of our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of the board

R. D. Kamat
Partner

Sd/-
R.V. Ramanan
(Executive Director and President
Global delivery)

Sd/-
S. Doreswamy
(Chairman-Audit Committee)

Sd/-
Prateek Aggarwal
(Chief Financial Officer)

Place : Mumbai
Date : 31st July, 2012

Hexaware Technologies Limited

Period from 1st January 2012 to 30th June 2012

Explanatory Notes to the 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 outsourcing. Hexaware provides multiple service offerings to its clients across various industries comprising airlines and transport, banking, financial services, insurance and manufacturing sector mainly in enterprise resource planning solutions. The various service offerings comprise application development and management, enterprise package solutions, infrastructure management, product engineering 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 2011. These interim financial statements have been prepared by the management considering the requirements of Accounting Standard 25 on "Interim financial reporting".

2. Share Capital

	As at 30th June 2012		(Rs. Million) As at 31st December 2011	
A. Authorised				
325,000,000 (325,000,000) Equity shares of Rs. 2/- each	650.00		650.00	
1,100,000 (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>2,213.10</u>		<u>2,213.10</u>	
B. Issued, subscribed and paid-up capital				
Equity Shares of Rs. 2/- each fully paid.	592.12		586.72	
Total	<u>592.12</u>		<u>586.72</u>	
C. Reconciliation of number of shares				
	As at 30th June 2012		As at 31st December 2011	
Particulars	Numbers	Rs. In Mn	Numbers	Rs. In Mn
Shares outstanding at the beginning of the period	293,358,428	586.72	145,200,980	290.40
Shares Issued during the period	2,702,802	5.40	148,157,448	296.32
Shares bought back during the period	-	-	-	-
Shares outstanding at the end of the period	296,061,230	592.12	293,358,428	586.72

Hexaware Technologies Limited

Period from 1st January 2012 to 30th June 2012

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

Name of Shareholder	As at 30th June 2012		As at 31st December 2011	
	Nos. of Shares held	% of holding	Nos. of Shares held	% of holding
i. Elder Hides And Leather Pvt Ltd	52,154,456	17.62	52,154,456	17.78
ii. Elder Venture LLP	29,250,000	9.88	29,250,000	9.97
iii. Dali Limited	28,627,294	9.67	28,627,294	9.76
iv. GA Global Investments Ltd	21,139,580	7.14	21,139,580	7.21
v. JP Morgan Chase Bank, NA	21,111,400	7.13	21,111,400	7.20
vi. FID Funds (Mauritius) Limited	19,130,459	6.46	25,961,668	8.85

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 reserve 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 preferential amounts, 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 scheme. Each option entitles the holder to one equity shares of Rs. 2 each. 7,139,982 options were outstanding as on 30th June 2012.

Hexaware Technologies Limited

Period from 1st January 2012 to 30th June 2012

3. Reserves and Surplus

	(Rs. Million)	
	As at 30th June 2012	As at 31st December 2011
A. Securities premium account		
Opening balance	4,521.83	4,773.61
Add : Received during the year	38.34	33.17
Add : Transfer from employee stock option outstanding	3.45	6.14
Less : Transfer to share capital account consequent to issue of bonus shares	-	291.09
Closing balance	4,563.62	4,521.83
B. Employee stock options outstanding		
Opening balance	8.32	15.79
Less : Reversal on forfeiture of stock options granted	-	1.33
Less : Transfer to securities premium account on exercise of stock option	3.45	6.14
	4.87	8.32
Less : Deferred employee compensation expense:	0.68	1.44
Closing balance	4.19	6.88
C. General reserve		
Opening balance	1,242.87	942.87
Add : Transfer from statement of profit and loss	-	300.00
Closing balance	1,242.87	1,242.87
D. Hedging reserve		
Opening balance	(904.93)	249.79
Add : Losses / (Gains) transferred to income statement on occurrence of forecasted hedge transaction	228.06	(70.81)
Add : Changes in the fair value of the effective portion of outstanding cash flow derivative	(505.00)	(1,083.91)
Closing balance	(1,181.87)	(904.93)
E. Amalgamation reserve		
Opening / Closing balance	2.88	2.88
F. Balance in statement of profit and Loss		
Opening balance	3,129.17	2,471.69
Add : Profit for the period	1,577.03	2,319.81
	4,706.20	4,791.50
Less : Appropriations		
Interim dividend - equity	891.00	732.81
Proposed final dividend - equity	-	440.04
Tax on dividend	144.54	189.48
Transfer to general reserve	-	300.00
Closing balance	3,670.66	3,129.17
Total	8,302.35	7,998.70

Hexaware Technologies Limited

Period from 1st January 2012 to 30th June 2012

4. Deferred Tax Liabilities

	As at 30th June 2012	(Rs. Million) As at 31st December 2011
Deferred Tax Liabilities:		
Depreciation	49.64	-
Deferred Cancellation loss relating to roll-over of Cash flow hedges	119.48	-
Less: Deferred Tax Asset		
Employee Benefits	52.88	-
Provision Others (Refer Note no 28)	25.44	-
Depreciation	1.32	-
Total	89.48	-

5. Other Long Term Liabilities

	As at 30th June 2012	(Rs. Million) As at 31st December 2011
Other liabilities		
Deposit received for leased premises	9.00	9.00
Capital creditors	9.95	-
Liability for mark to market losses on derivative contracts	88.53	113.97
Total	107.48	122.97

6. Long Term Provisions

	As at 30th June 2012	(Rs. Million) As at 31st December 2011
For employee benefits	247.00	186.64
Total	247.00	186.64

Hexaware Technologies Limited

Period from 1st January 2012 to 30th June 2012

7. Other Current Liabilities

	As at 30th June 2012	(Rs. Million) As at 31st December 2011
Unearned revenues	22.50	43.60
Equity share application money refundable		0.29
Unclaimed dividend *	38.81	28.89
Towards cancelled derivative contracts	11.99	-
Other payables		
Employee related liability	67.55	113.21
Statutory liabilities	96.41	85.60
Deposit received for leased premises	19.32	19.32
Capital creditors	119.71	180.72
For expenses	205.83	242.24
Liability for mark to market losses on derivative contracts	507.20	684.58
Total	1,089.32	1,398.45
This figure does not include any amount due and outstanding to be credited to Investor Education and Protection Fund.		

8. Short Term Provisions

	As at 30th June 2012	(Rs. Million) As at 31st December 2011
For employe benefits	42.13	41.69
Provision others		
Proposed dividend	444.09	440.04
Tax on proposed dividend	72.04	71.39
For tax (net of advance tax)	27.34	58.01
Others (Refer Note no 28)	244.41	279.46
Total	830.01	890.59

Hexaware Technologies Limited

Period from 1st January 2012 to 30th June 2012

9. Fixed Assets

(Rs. Million)

Particulars	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
	As at 01.01.2012	Additions	Deductions / Adjustments	As at 30.06.2012	As at 01.01.2012	For The Period	Deductions / Adjustments	As at 30.06.2012	As at 30.06.2012	As at 31.12.2011
a) Tangible Assets										
Land - Freehold	0.15	-	-	0.15	-	-	-	-	0.15	0.15
Land - Leasehold	330.44	-	-	330.44	17.08	1.72	-	18.80	311.64	313.36
Building	1,246.61	132.84	-	1,379.45	59.49	10.88	-	70.37	1,309.08	1,187.12
Plant & Machinery	887.55	98.12	0.85	984.82	643.15	41.90	0.86	684.19	300.63	244.40
Office Equipments	415.52	64.19	0.56	479.15	197.32	37.35	0.54	234.13	245.02	218.20
Furniture and Fixtures	344.79	51.56	(1.73)	398.08	226.00	15.78	(1.73)	243.51	154.57	118.79
Vehicles	28.60	-	-	28.60	26.37	0.35	-	26.72	1.88	2.23
Improvement to Leased Premises	2.67	-	2.67	-	2.67	-	2.67	-	-	-
Total	3,256.33	346.71	2.35	3,600.69	1,172.08	107.98	2.34	1,277.72	2,322.97	2,084.25
<i>Previous year</i>	<i>2,514.62</i>	<i>833.40</i>	<i>91.69</i>	<i>3,256.33</i>	<i>1,091.64</i>	<i>170.61</i>	<i>90.17</i>	<i>1,172.08</i>	<i>2,084.25</i>	
b) Intangible Assets										
Software	109.83	19.19	(0.86)	129.88	69.57	12.56	(0.86)	82.99	46.89	40.26
Total	109.83	19.19	(0.86)	129.88	69.57	12.56	(0.86)	82.99	46.89	40.26
<i>Previous year</i>	<i>82.47</i>	<i>27.36</i>	<i>-</i>	<i>109.83</i>	<i>51.21</i>	<i>18.36</i>	<i>-</i>	<i>69.57</i>	<i>40.26</i>	
c) Capital work-in-progress										
									757.05	798.67
Grand total	3,366.16	365.90	1.49	3,730.57	1,241.65	120.54	1.48	1,360.71	3,126.91	2,923.18

Notes:

a) Land - Leasehold includes Rs. 285.32 million and Rs. 18.63 million (Previous Year Rs. 14.10 million) being lease premium and accumulated amortization in respect of leasehold land allotted to the Company at Pune and Nagpur for which final lease agreement is being executed.

b) Plant and machinery includes Computer systems.

Hexaware Technologies Limited

Period from 1st January 2012 to 30th June 2012

10. Non Current Investments

	As at 30th June 2012	(Rs. Million) As at 31st December 2011
Trade investments (unquoted) (at cost) - in subsidiary companies		
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 (Previous year 3,067,000) shares of 1 GBP each fully paid up in Hexaware Technologies UK Ltd.	154.64	218.87
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., Germany	7.57	7.57
e. 1 common stock at no par value in Hexaware Technologies Canada Limited, Canada	0.73	0.73
f. 11,780,000 shares of Rs. 10/- each fully paid up in Caliber Point Business Solutions Limited	158.92	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
i. 50,000 shares of Rs. 10/- each fully paid up in Rampran Infotech Limited	0.50	0.50
Total (A)	2,005.44	2,069.67
Trade investments (unquoted) (at cost) - in others		
454,636 (Previous year Nil) equity shares of Rs. 10/- each invested in Beta Wind Farm Pvt.Ltd.	8.64	-
Total (B)	8.64	-
Total (A + B)	2,014.08	2,069.67
i) Aggregate value of unquoted investments	2,014.08	2,069.67

Hexaware Technologies Limited

Period from 1st January 2012 to 30th June 2012

11. Long Term Loans and Advances (Unsecured)

	<u>As at 30th June 2012</u>	<u>(Rs. Million) As at 31st December 2011</u>
Considered good		
Capital Advances	2.86	14.71
Security Deposits	45.48	47.36
Loans and advances to related parties (refer note No.25)	72.50	82.50
Advance Income Tax (net of provision for tax)	37.07	127.76
Advance Fringe Benefit Tax (net of provision for tax)	4.36	4.36
MAT Credit Entitlement (refer Note No. 24)	675.85	526.66
Other Loans and advances	56.17	16.78
	<u>894.29</u>	<u>820.13</u>
Total	<u>894.29</u>	<u>820.13</u>

12. Other Non Current Assets

	<u>As at 30th June 2012</u>	<u>(Rs. Million) As at 31st December 2011</u>
Interest accrued on deposits	0.29	1.10
Unbilled Services	29.19	47.55
Non current bank balances		
Restricted bank balances	152.68	145.68
Bank deposit accounts with more than 12 months maturity from the date of balance sheet	-	457.50
	<u>182.16</u>	<u>651.83</u>
Total	<u>182.16</u>	<u>651.83</u>

Hexaware Technologies Limited

Period from 1st January 2012 to 30th June 2012

13. Current Investments

	<u>As at 30th June 2012</u>	(Rs. Million) <u>As at 31st December 2011</u>
Non Trade Investments (Unquoted) (At cost or fair value whichever is lower)		
Investments in Mutual funds	659.70	228.77
Total	<u>659.70</u>	<u>228.77</u>
i. Aggregate value of unquoted investments.	659.70	228.77

14. Trade Receivables (Unsecured)

	<u>As at 30th June 2012</u>	(Rs. Million) <u>As at 31st December 2011</u>
Over six months from the due date of payment		
Considered good	0.42	0.99
Considered doubtful	<u>1.25</u>	<u>0.76</u>
	1.67	1.75
Less : Provision for doubtful accounts	<u>1.25</u>	<u>0.76</u>
	0.42	0.99
Others		
Considered good	2,181.97	1,963.29
Considered doubtful	<u>-</u>	<u>2.45</u>
	2,181.97	1,965.74
Less : Provision for doubtful accounts	<u>-</u>	<u>2.45</u>
	2,181.97	1,963.29
Total	<u>2,182.39</u>	<u>1,964.28</u>

Hexaware Technologies Limited

Period from 1st January 2012 to 30th June 2012

15. Cash and Cash Equivalents

	(Rs. Million)	
	As at 30th June 2012	As at 31st December 2011
a. Balances with banks		
In current accounts	164.02	92.20
Cash in hand	0.05	-
Bank deposits accounts with less than 3 months maturity	48.41	40.09
	212.48	132.29
b. Other bank balances		
Earmarked balances with banks	107.00	107.00
Unclaimed dividend account	38.93	29.37
Margin money	6.75	9.31
Bank deposit accounts with more than 12 months maturity	2,277.50	3,232.50
	2,430.18	3,378.18
	2,642.66	3,510.47
Bank balances reclassified as non current assets		
Less : Restricted bank balances	(152.68)	(145.68)
Bank deposit accounts with more than 12 months maturity from the date of balance		
Less : sheet	-	(457.50)
	(152.68)	(603.18)
Total	2,489.98	2,907.29

Hexaware Technologies Limited

Period from 1st January 2012 to 30th June 2012

16. Short Term Loans and Advances (Unsecured)

	(Rs. Million)	
	<u>As at 30th June 2012</u>	<u>As at 31st December 2011</u>
Considered good		
Security deposits	124.39	124.68
Loans and advances to related parties (refer Note No. 25)	234.94	258.60
Other loans and advances	<u>268.29</u>	<u>242.44</u>
	627.62	625.72
Considered doubtful		
Other loans and advances	35.01	38.01
Less : Provision for doubtful deposits / advances	<u>35.01</u>	<u>38.01</u>
	-	-
Total	<u>627.62</u>	<u>625.72</u>

17. Other Current Assets

	(Rs. Million)	
	<u>As at 30th June 2012</u>	<u>As at 31st December 2011</u>
Interest accrued on deposits	193.19	146.57
Unbilled services	143.46	62.61
Total	<u>336.65</u>	<u>209.18</u>

18. Other Income

	(Rs. Million)			
	<u>For the quarter ended</u>		<u>For the half year ended</u>	
	<u>30th June 2012</u>	<u>30th June 2011</u>	<u>30th June 2012</u>	<u>30th June 2011</u>
Dividend from current investments	13.00	41.59	21.51	52.44
Dividend from subsidiary company	-	-	46.67	-
Loss on sale of current investments (net)	-	(0.29)	-	(0.34)
Interest income	73.10	55.83	160.58	124.60
Excess provisions written back	-	-	-	0.04
Profit on sale of fixed assets (net)	-	0.03	0.17	0.03
Rental income	17.71	13.19	35.01	24.88
Miscellaneous income	3.79	0.99	4.92	2.74
Total	<u>107.60</u>	<u>111.34</u>	<u>268.86</u>	<u>204.39</u>

Hexaware Technologies Limited

Period from 1st January 2012 to 30th June 2012

19. Software and Development Expenses

	(Rs. Million)			
	For the quarter ended		For the half year ended	
	30th June 2012	30th June 2011	30th June 2012	30th June 2011
Consultant travel and related expenses	101.59	55.30	146.91	107.12
Software expenses*	66.94	114.65	142.17	245.32
Total	168.53	169.95	289.08	352.44
*Includes subcontracting charges	52.43	95.50	100.52	174.66

20. Employee Benefits Expenses

	(Rs. Million)			
	For the quarter ended		For the half year ended	
	30th June 2012	30th June 2011	30th June 2012	30th June 2011
Salaries and allowances	1,013.04	711.42	1,926.22	1,379.31
Contribution to provident and other funds	80.01	55.07	131.03	96.40
Staff welfare expenses	28.10	21.56	57.45	38.43
Employee stock option compensation cost	0.29	0.62	0.76	1.62
Total	1,121.44	788.67	2,115.46	1,515.76

Hexaware Technologies Limited

Period from 1st January 2012 to 30th June 2012

21. Operations and Other Expenses

	(Rs. Million)			
	For the quarter ended		For the half year ended	
	30th June 2012	30th June 2011	30th June 2012	30th June 2011
Rent	23.67	30.82	48.01	63.71
Rates and taxes	8.42	2.91	11.83	4.79
Travelling and conveyance expenses	46.87	43.29	93.45	68.22
Electricity charges	39.38	31.77	68.97	51.69
Communication expenses	22.86	20.77	37.80	35.68
Repairs and maintenance	21.01	15.62	40.34	31.42
Printing and stationery	4.15	2.79	8.13	7.38
Auditors remuneration	2.13	1.80	4.95	3.60
Legal and professional fees	13.56	10.25	26.69	27.98
Advertisement and publicity	0.12	0.04	0.12	0.19
Seminar and conference expenses	3.98	5.49	10.94	10.34
Bank and other charges	1.23	0.80	2.24	1.31
Directors' sitting fees	0.42	0.66	0.74	1.54
Insurance premium	4.30	3.42	8.71	5.41
Donation	-	-	-	0.01
Debts and advances written off (Net of recoveries)	-	1.11	2.05	1.11
Provision for doubtful accounts (Net off write back)	(0.64)	(8.09)	(4.92)	14.08
Staff recruitment expenses	7.96	3.09	18.15	8.88
Service charges	19.00	14.43	36.50	28.53
Miscellaneous expenses	4.01	3.32	6.50	6.44
<p>Note : Miscellaneous expenses includes stamp duty & filing fees, hiring charges, registrar and share transfer expenses, membership and subscription, carriage and forwarding, board meeting expenses, AGM expenses etc.</p>				
Total	222.43	184.29	421.20	372.31

22. Finance Costs

	(Rs. Million)			
	For the quarter ended		For the half year ended	
	30th June 2012	30th June 2011	30th June 2012	30th June 2011
Interest others (Includes working capital loan)	0.76	1.78	0.77	2.39
Total	0.76	1.78	0.77	2.39

Hexaware Technologies Limited

Period from 1st January 2012 to 30th June 2012

23. Contingent Liabilities in respect of

- a) Claims not acknowledged as debt to Rs. 28.14 million (December 31, 2011 Rs 28.14 million).
- b) Income Taxes :
- i. The Income tax assessment of the Company for Assessment year 2008-09 was completed during the year ended December 31, 2011 and demand aggregating to Rs 37.81 million (December 31, 2011 Rs 37.81 million) was made on the Company, mainly on account of disallowance of foreign exchange loss as business expenses. The Company has filed an appeal against such order with the Appellate authority and is hopeful of getting a favourable decision. Accordingly, no provision is considered necessary at this stage.
 - ii. Income tax of Rs Nil (December 31, 2011 Rs 7.40 Million) for Assessment year 2004-05 disputed in appeal. Favourable decision received during this period.

24. a) Considering the future profitability and taxable positions in the subsequent years, the Company has recognised the 'MAT Credit entitlement' as an asset by crediting the profit and loss account for an equivalent amount and disclosed under 'Loans and advances' (Note 11) in accordance with the Guidance Note on "Accounting for credit available in respect of Minimum Alternate Tax under the Income Tax Act, 1961" issued by ICAI.

25. Related party disclosures

The Company has entered into transactions with following related parties

Sr. No.	Name of the Related Parties	Country
	Subsidiaries	
1	Hexaware Technologies Inc.	United States of America
2	Hexaware Technologies UK Ltd.	United Kingdom
3	Hexaware Technologies Asia Pacific Pte. Ltd.	Singapore
4	Hexaware Technologies GmbH.	Germany
5	Hexaware Technologies Canada Ltd.	Canada
6	Caliber Point Business Solutions Ltd.	India
7	FocusFrame Europe BV	Netherland
8	Hexaware Technologies, Mexico S. De. R.L. De. C.V.	Mexico
9	Risk Technology International Limited	India
10	Hexaware Technologies SRL, Argentina *	Argentina
11	Hexaware Technologies DO Brazil Ltd , Brazil #	Brazil
12	Rampran Infotech Ltd	India
	Key Management Personnel (KMP)	
13	Mr Atul K Nishar – Chairman	
14	Mr R. V .Ramanan – Executive Director and President Global Delivery	
15	Mr. P R Chandrasekar – Vice Chairman and CEO	
	Others	
16	Hexaware Technologies Employee Stock Option Trust	

Note # Held by nominees of Hexaware Technologies UK Ltd.

* Company name struck off from General Justice Bureau of Argentina w.e.f. 10th February 2012

Hexaware Technologies Limited

Period from 1st January 2012 to 30th June 2012

(Rs. Million)

Particulars	Name of the Related party and Nature of Relationship	Quarter ended		Half year ended	
		June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
Loans Given / Paid during the year	Subsidiaries				
	Risk Technology International Limited	-	4.00	-	4.00
	Caliber Point Business Solutions Ltd	10.00	-	10.00	-
Investment in Equity	Capital Reduction in Subsidiary				
	Hexaware Technologies UK Ltd.	-	-	64.23	-
Software and Consultancy Income	Subsidiaries:				
	Hexaware Technologies Inc	934.71	628.89	1,734.05	1,161.49
	Hexaware Technologies GmbH.	174.05	71.31	345.22	149.10
	Others	174.63	73.63	284.98	163.64
		1,283.39	773.84	2,364.25	1,474.23
Software and development expenses - subcontracting	Subsidiaries:				
	Hexaware Technologies Inc	32.35	66.68	63.59	129.94
	Hexaware Technologies Canada Ltd	3.96	-	-	-
	Others	1.84	2.85	8.53	5.30
		38.15	69.53	72.12	135.24
Interest and Other Income	Subsidiaries				
	Risk Technology International Limited	-	0.08	-	0.20
	Caliber Point Business Solutions Ltd	1.34	-	2.83	-
Dividend Income	Subsidiaries				
	Hexaware Technologies UK Ltd.	-	-	46.67	-
Reimbursement of cost to	Subsidiaries:				
	Hexaware Technologies Inc	8.56	-	11.19	-
	Hexaware Technologies UK Ltd.	4.01	10.93	12.70	21.06
	Hexaware Technologies Asia Pacific Pte Ltd	5.33	9.18	10.59	19.45
	Risk Technology Internatioanl Ltd	-	-	-	-
	Others	1.11	1.42	1.96	2.96
		19.01	21.53	36.45	43.46
Receiving of Services	Remuneration to Key Management Personnel				
	R.V. Ramanan	5.98	4.64	22.13	6.63
	Subsidiaries:				
	Caliber Point Business Solutions Ltd	-	1.59	-	2.87
Recovery of cost / advances from	Subsidiaries:				
	Hexaware Technologies Inc	70.13	80.07	152.76	151.25
	Hexaware Technologies UK Ltd	14.99	-	37.66	-
	Others	7.23	11.17	11.82	24.16
		92.35	91.24	202.24	175.40

Note: For transactions in excess of 10% of the total related party transactions partywise details provided.

Hexaware Technologies Limited

Period from 1st January 2012 to 30th June 2012

Outstanding Balances with Subsidiaries:

(Rs. Million)

Particulars	As at	
	June 30, 2012	December 31, 2011
	Loans Given	72.50
Investment in Equity	2,005.44	2,069.67
Receivable towards software and consultancy income	1,606.15	1,239.98
Advances	234.94	258.60
Payable towards services and reimbursement of cost	1,171.41	1,073.54

26. Earnings per Share (EPS)

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

(Rs. Million)

Particulars	Quarter Ended		Half Year Ended	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
Net profit after tax	746.54	522.82	1,577.03	981.44
Weighted average outstanding equity shares considered for basic EPS (Nos.)	295,772,369	292,146,066	294,692,680	291,557,002
Basic Earnings per share : (In Rupees)	2.52	1.79	5.35	3.37
Weighted average outstanding equity shares considered for basic EPS (Nos.)	295,772,369	292,146,066	294,692,680	291,557,002
Add : Effect of dilutive issue of stock options (including share application money received on exercise of options) (Nos.)	5,134,328	6,837,566	6,047,940	7,299,148
Weighted average outstanding equity shares considered for diluted EPS (Nos.)	300,906,697	298,983,632	300,740,620	298,856,150
Diluted Earnings per share : (In Rupees)	2.48	1.75	5.24	3.28

Hexaware Technologies Limited

Period from 1st January 2012 to 30th June 2012

27. Derivative Instruments:

a) The Company has following outstanding derivatives instruments:

- (i) Forward exchange contracts to Sell US Dollar 199.36 Million and Sell Euro 13.01 Million (December 31, 2011 Sell US Dollar 159.88 Million and Sell Euro 9.39 Million and Buy Euro 0.43 Million) are outstanding as of June 30, 2012.
- (ii) Fair value (net loss) of the derivative instruments identified as cash flow hedges is Rs. 607.72 million (December 31, 2011 net gain of Rs. 798.55 million) as at June 30, 2012
- (iii) Net loss of Rs. 1,181.87 million recognized in Hedging Reserve as of June 2012 is expected to be classified to Profit and loss Account over two years.

b) As of the balance sheet date the Company has the net receivable foreign currency exposure that are not hedged by a derivative instrument or otherwise amounting to Rs 406.25 million (December 31, 2011 payable Rs.58.03 million)

28. "Provision Others" includes provisions for towards expenditure relating to fixed assets and employee benefit obligations on contract acquisition, the outflow for which is expected in the next year.

(Rs. Million)

	June 30, 2012	December 31, 2011
Opening provision 1 st January 2012 / 1 st January 2011	279.46	259.22
Provision made during the period / year	-	49.79
Repaid /Adjusted during the period / year	35.05	29.55
Closing provision 30th June 2012 / 31 December 2011	244.41	279.46

29. Segments:

The Company has presented data relating to its segments based on its consolidated condensed financial statements, which are presented in the same annual report. Accordingly, in terms of the provisions of Accounting Standard (AS 17) "Segment Reporting", no disclosures related to segments are presented in its stand-alone financial statements.

30. The Company has prepared the financial statements following Revised Schedule VI for the first time. This has significantly impacted the disclosure and presentation made in the financial statements. Previous period's figures have been regrouped / reclassified wherever necessary to correspond with the current period's classification / disclosure

In terms of our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants

R. D. Kamat
Partner

Place : Mumbai
Date : 31st July, 2012

For and on behalf of the board

Sd/-
R.V. Ramanan
(Executive Director and President
Global delivery)

Sd/-
S. Doreswamy
(Chairman-Audit Committee)

Sd/-
Prateek Aggarwal
(Chief Financial Officer)