

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

Report on the Condensed Consolidated Financial Statements

We have audited the accompanying condensed consolidated financial statements of **HEXAWARE TECHNOLOGIES LIMITED** (the "Company") and its subsidiaries (the Company and its subsidiaries constitute "the Group"), which comprise the Condensed Consolidated Balance Sheet as at March 31, 2013, the Condensed Consolidated Statement of Profit and Loss and the Condensed Consolidated Cash Flow Statement for the quarter then ended, and the selected Explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

The Company's Management is responsible for the preparation of these condensed consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with Accounting Standard 25 (Interim Financial Reporting), as notified by the Companies (Accounting Standards) Rules, 2006 ("AS 25") 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these condensed consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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 judgement, 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 the internal controls relevant to the Company's preparation and fair presentation of the condensed consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the condensed consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion

Opinion

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

- (a) in the case of the Condensed Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2013;
- (b) in the case of the Condensed Consolidated Statement of Profit and Loss, of the profit of the Group for the quarter ended on that date; and
- (c) in the case of the Condensed Consolidated Cash Flow Statement, of the cash flows of the Group for the quarter ended on that date.

Other Matter

We did not audit the financial statements of seven subsidiaries, whose financial statements reflect total assets of Rs.1,071.20 million as at March 31, 2013, total revenues of Rs.798.12 million and net cash flows amounting to Rs. 260.88 million for the quarter ended on that date, as considered in the condensed consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on the reports of the other auditors.

Our report is not qualified in respect of this matter.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm Registration No. 117366W)

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

MUMBAI, April 29, 2013

Particulars	Note No.	As at		As at	
		31st March 2013	31st March 2013	31st December 2012	31st December 2012
		Rupees	Rupees	Rupees	Rupees
I. EQUITY AND LIABILITIES					
Share Holders' Funds :					
a. Share Capital	"3"	596.62		593.09	
b. Reserves and Surplus	"4"	12,132.11		11,445.10	
		-----	12,728.73	-----	12,038.19
Share Application Money pending allotment			3.21		0.38
Non-current liabilities :					
a. Deferred Tax Liabilities (Net)	"5"	100.21		130.47	
b. Other Long-term Liabilities	"6"	19.33		77.57	
c. Long-term provisions - Employee benefits		267.11		265.68	
		-----	386.65	-----	473.72
Current liabilities :					
a. Trade Payables		476.02		532.57	
b. Other Current Liabilities	"7"	1,608.37		1,755.31	
c. Short-Term Provisions	"8"	1,472.48		984.52	
		-----	3,556.87	-----	3,272.40
Total			----- 16,675.46 =====		----- 15,784.69 =====
II. ASSETS					
Non-current assets :					
a. Fixed Assets :	"9"				
i) Tangible Assets		3,031.15		2,936.54	
ii) Intangible Assets		1,480.59		1,506.13	
iii) Capital Work-in-Progress		655.88		756.76	
		-----	5,167.62	-----	5,199.43
b. Non-current investments	"10"	4.58		4.58	
c. Deferred Tax Asset (Net)	"5"	235.58		203.61	
d. Long-term Loans and Advances	"11"	1,063.19		1,088.77	
e. Other non-current assets	"12"	352.47		170.01	
		-----	6,823.44	-----	6,666.40
Current Assets :					
a. Current Investments	"13"	2,473.30		2,349.83	
b. Trade Receivables	"14"	2,985.62		3,649.08	
c. Cash and Cash Equivalents	"15"	2,861.45		1,969.01	
d. Short-term Loans and Advances	"16"	440.42		508.68	
e. Other Current Assets	"17"	1,091.23		641.69	
		-----	9,852.02	-----	9,118.29
Total			----- 16,675.46 =====		----- 15,784.69 =====

III. NOTES FORMING PART OF FINANCIAL STATEMENTS "1 to 29"

In terms of our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants

sd/-
R. D. Kamat
Partner.

Place : Mumbai
Date : April 29, 2013

For and on behalf of the Board

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

sd/-
Shailesh Haribhakti
(Director)

HEXAWARE TECHNOLOGIES LIMITED

CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE QUARTER ENDED 31st MARCH 2013

(Rupees Million)

Particulars	Note No.	For the quarter ended 31st March 2013		For the quarter ended 31st March '12	
		Rupees	Rupees	Rupees	Rupees
I. INCOME					
a. Revenue from Operations		5,076.84		4,382.91	
b. Other Income	"18"	95.15		119.99	
		-----	5,171.99	-----	4,502.90
II. EXPENSES					
a. Software and Development Expenses	"19"	720.00		613.80	
b. Employee benefits expense	"20"	2,863.51		2,382.04	
c. Operation and Other Expenses	"21"	514.64		413.47	
d. Exchange Rate difference (net)		(22.53)		(25.75)	
e. Finance costs		0.03		0.08	
f. Depreciation and amortization expense	"9"	93.00		70.69	
		-----	4,168.65	-----	3,454.33
Profit Before Tax			1,003.34		1,048.57
Tax expense					
Income Tax - Current (net of MAT credit entitlement)		273.96		152.57	
Income Tax - Deferred (Credit) / Charge		(63.39)		12.36	
		-----	210.57	-----	164.93
Profit for the year			792.77		883.64
			=====		=====
Earnings Per Share (in Rupees)	"24"				
Basic			2.67		3.01
Diluted			2.64		2.94
Face value of equity share (in Rupees)			2.00		2.00

III. NOTES FORMING PART OF FINANCIAL STATEMENTS "1 to 29"

In terms of our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of the Board

sd/-
R. D. Kamat
Partner.
Place: Mumbai
Date : April 29, 2013

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

sd/-
Shailesh Haribhakti
(Director)

Hexaware Technologies Limited
Consolidated Cash Flow Statement for the quarter ended 31st March, 2013

(Rupees Million)

	For the quarter ended 31st Mar-13 Rupees	For the Quarter ended 31st Mar-12 Rupees
A Cash Flow from operating activities		
Net Profit before tax	1,003.34	1,048.57
Adjustments for:		
Depreciation, amortization and Impairment	93.00	70.69
Employees share based payment cost	(0.46)	0.47
Interest Income	(36.23)	(91.71)
Provision for doubtful accounts (net)	31.07	0.54
Debts and advances written off	-	2.05
Dividend from current investments	(44.57)	(8.62)
(Profit) / Loss on sale of Investments	0.12	-
Provision for obsolete assets	7.04	-
(Profit) on sale of fixed assets (Net) / Assets Written off	(2.51)	(0.27)
Deferred cancellation (loss) / gains relating to roll-over cash flow hedges	179.01	(40.52)
Exchange Rate Difference	18.90	93.43
Interest Expense	0.03	0.08
Operating profit before working capital changes	1,248.74	1,074.71
Adjustments for:		
Trade and other receivables	152.99	(157.43)
Trade and other payables	(38.73)	(177.52)
Cash generated from operations	1,363.00	739.76
Direct Taxes Paid (Net)	(167.34)	(223.21)
Net cash from operating activities	1,195.66	516.55
B Cash flow from investing activities		
Purchase of fixed assets	(99.76)	(213.29)
Proceeds from sale of fixed assets	2.74	0.66
Interest received (Net of tax Rs. 71.42 Million (Rs. 14.39 Million)	40.83	73.12
Purchase of Current Investments	(8,041.10)	(3,890.29)
Proceeds from Sale of Investments	7,917.52	3,169.87
Dividend from current investments	44.57	8.62
Net cash used in investing activities	(135.20)	(851.31)
C Cash flow from financing activities		
Proceeds from issue of share capital	24.26	25.99
Share Application money received	2.84	2.04
Interest and other finance charges paid	(0.03)	(0.08)
Dividend paid (including corporate dividend tax)	(5.13)	-
Net cash used in financing activities	21.94	27.95
Net Decrease in cash and cash equivalents	1,082.40	(306.81)
Cash and cash equivalents at the beginning of the year	1,950.21	4,132.33
Cash and cash equivalents at the end of the year	3,032.61	3,825.52

Notes:

1. Cash and Cash equivalents included in the Cash flow statement comprise the following: (Refer Note no. 15)

Cash and Bank Balances	2,382.88	2,849.23
'AAA' rated demand deposits with financial institutions	807.50	1,107.50
Effect of changes in Exchange rate in cash and cash equivalents	18.75	18.46
Less: Restricted Bank Balances	(176.52)	(149.67)
Total Cash and Cash equivalents	3,032.61	3,825.52

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

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

In terms of our attached Report of even date

For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of the Board

sd/-
R. D. Kamat
Partner

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

sd/-
Shailesh Haribhakti
(Director)

Place: Mumbai
Date : April 29, 2013

HEXAWARE TECHNOLOGIES LIMITED

NOTES TO THE CONDENSED CONSOLIDATED 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, quality assurance and independent testing

These condensed consolidated interim financial statements have been prepared using the same basis / accounting policies as those used for the audited financial statements for the year ended on 31 December 2012. These interim financial statements have been prepared considering the requirements of Accounting Standard 25 “Interim financial reporting”.

2. Subsidiaries to consolidation

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

Name of the Subsidiary company	Country of Incorporation
Hexaware Technologies Inc.	United States of America
Hexaware Technologies, Mexico S. De. R.L. De. C.V.	Mexico
Hexaware Technologies UK Ltd.	United Kingdom
FocusFrame Europe BV	Netherland
Hexaware Technologies Asia Pacific Pte Limited.	Singapore
Hexaware Technologies GmbH.	Germany
Hexaware Technologies Canada Limited.	Canada
Caliber Point Business Solutions Ltd.	India
Risk Technology International Limited	India
Hexaware Technologies DO Brazil Ltd , Brazil (subsidiary of Hexaware Technologies UK Ltd)	Brazil
Rampran Infotech Ltd (closed w.e.f. 13 th February 2013)	India

HEXAWARE TECHNOLOGIES LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Particulars	As at 31st March 2013		As at 31st December 2012	
	Rupees	Rupees	Rupees	Rupees
3 SHARE CAPITAL				
a. Authorised				
325,000,000 Equity Shares of Rs. 2/- each		650.00		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		2,213.10		2,213.10
b. Issued, Subscribed and Paid-up Capital				
Equity Shares of Rs. 2/- each Fully Paid.		596.62		593.09
Total		596.62		593.09

c. Reconciliation of number of shares

Particulars	Numbers		Amount	
	Numbers	Amount	Numbers	Amount
Shares outstanding at the beginning of the year	296,544,791	593.09	293,358,428	586.72
Shares Issued during the period / year	1,764,086	3.53	3,186,363	6.37
Shares bought back during the period / year			-	
Shares outstanding at the end of the year	298,308,877	596.62	296,544,791	593.09

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	Nos. of Shares held	% of holding
Elder Infosystems Pvt Ltd.	52,154,456	17.48	52,154,456	17.59
Elder Venture LLP	30,568,000	10.25	30,030,000	10.13
Dali Limited	28,627,294	9.60	28,627,294	9.65
GA Global Investments Ltd	21,139,580	7.09	21,139,580	7.13
JP Morgan Chase Bank, NA (Unregistered ADR's held by GA Global Investment Ltd.)	21,111,400	7.08	21,111,400	7.12

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 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. 4,513,595 options were outstanding as on 31st March 2013.

h. Shares application money

As at 31st March 2013, the Company received applications for the allotment of 215,653 (30,193 as at 31st December 2012) equity shares on exercise of ESOP. Total share application money received is Rs. 3.21 Million (Rs. 0.38 Million as at 31st December, 2012) of which Rs. 2.78 Million (Rs. 0.32 Million as at 31st March 2012) is towards securities premium. Shares are being allotted subsequent to the year end. The Company has sufficient authorised capital to cover the allotment of these shares.

i. The Board of Directors, at its meeting held on 29th April, 2013 has recommended an interim dividend of Rs. 1.20 per equity share.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Particulars	As at		AS AT	
	31st March 2013		31st December 2012	
	Rupees	Rupees	Rupees	Rupees
4 RESERVES AND SURPLUS				
a Securities Premium Account				
As per last Balance Sheet	4,578.74		4,521.83	
Add : Received during the period / year	20.73		53.45	
Add : Transfer from Employee Stock Option outstanding	3.08		3.46	
	-----	4,602.55	-----	4,578.74
b Employee Stock Options Outstanding				
As per last Balance Sheet	4.41		8.32	
Less: Reversal on forfeiture of stock options granted	0.72		0.45	
Less : Transfer to Securities Premium Account on exercise of stock option	3.08		3.46	
	-----		-----	
	0.61		4.41	
Less : Deferred Employee Compensation Expense	-		0.26	
	-----	0.61	-----	4.15
c General Reserve				
As per last Balance Sheet	1,843.19		1,491.97	
Add : Transfer from Statement of Profit and Loss (In respect of Subsidiary Company Rs. Nil (Rs. 51.51Million))	-		351.22	
	-----	1,843.19	-----	1,843.19
d Hedging Reserve				
As per last Balance Sheet	(760.51)		(1,035.85)	
Less: Losses / (Gains) transferred to statement of profit and loss on occurrence of forecasted hedge transaction				
	149.27		665.56	
Add: Changes in the fair value of the effective portion of outstanding cash flow hedges	200.67		(390.22)	
	-----	(410.57)	-----	(760.51)
e Amalgamation Reserve		2.88		2.88
f Special Economic Zone Re-investment Reserve				
As per last Balance Sheet	-		-	
Add : Transfer from Statement of Profit and Loss	218.10		-	
	-----	218.10	-----	
g Currency Translation Reserve				
As per last Balance Sheet	550.90		423.61	
Addition / (Deduction) during the year (Net)	(59.98)		127.29	
	-----	490.92	-----	550.90
h Balance in Statement of Profit and Loss				
As per last Balance Sheet	5,225.75		4,163.79	
Add : Profit for the period	792.77		3,276.47	
Add/ (Less): On closure of a Subsidiary	0.05		(0.10)	
Less : Appropriations :				
Interim Dividend - Equity	357.97		1,247.27	
Proposed Dividend - Equity	-		355.85	
Tax on Dividend	58.07		260.07	
Transfer to General Reserve	-		351.22	
Transfer to Special Economic Zone Re-investment Reserve	218.10		-	
	-----	634.14	-----	2,214.41
	-----	5,384.43	-----	5,225.75
Total		-----	-----	-----
		12,132.11		11,445.10
		=====		=====

HEXAWARE TECHNOLOGIES LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Rupees Million)

PARTICULARS	As at 31st March 2013		AS AT 31st December 2012	
	Rupees	Rupees	Rupees	Rupees
5 DEFERRED TAX ASSETS / LIABILITIES				
a. Deferred Tax Assets:				
i. Provision for doubtful debts and advances		13.35		9.46
ii. Depreciation		6.30		6.26
iii. Employee Benefits		188.33		157.97
v. Provision Others		18.89		21.50
vi. Others		8.71		8.80
		<u>235.58</u>		<u>203.99</u>
Less: Deferred tax liability				
i. Depreciation		-		0.38
		<u>235.58</u>		<u>203.61</u>
		<u>235.58</u>		<u>203.61</u>
b. Deferred Tax Liabilities:				
i. Depreciation		117.00		108.21
ii. Deferred Cancellation loss relating to roll-over of Cash flow hedges		68.85		101.58
		<u>185.85</u>		<u>209.79</u>
Less: Deferred Tax Asset				
i. Employee Benefits		54.99		48.52
ii. Provision Others		23.71		23.62
iii. Provision for doubtful debts and advances		6.94		7.18
		<u>100.21</u>		<u>130.47</u>
		<u>100.21</u>		<u>130.47</u>
6 OTHER LONG TERM LIABILITIES				
a Capital Creditors		5.47		16.49
b Liability for mark to market losses on derivative contracts (net)		13.86		61.08
Total		<u>19.33</u>		<u>77.57</u>
		<u>19.33</u>		<u>77.57</u>
7 OTHER CURRENT LIABILITIES				
a Unearned Revenues		128.10		125.47
b Unclaimed dividend *		44.73		45.63
c Other Payables				
- Employee related liability		690.38		589.57
- Statutory liabilities		246.74		254.45
- Deposit received for Leased Premises		9.35		28.67
- Capital Creditors		121.38		121.86
- Advance from customers		-		0.05
- Liability for mark to market losses on derivative contracts (net)		-		160.76
- For Expenses		367.69		428.85
Total		<u>1,608.37</u>		<u>1,755.31</u>
		<u>1,608.37</u>		<u>1,755.31</u>
* This figure does not include any amount due and outstanding to be credited to Investor Education and Protection Fund.				
8 SHORT TERM PROVISIONS				
a Provision for employe benefits		346.02		328.21
b Proposed dividend		713.82		355.85
c Tax on proposed dividend		115.80		57.73
- Provision for taxation (net of advance tax)				
Less: Mat Credit availed during the year				
d Provision for taxation (net of advance tax)		97.32		45.42
e Others (Refer note no. 26)		199.52		197.31
Total		<u>1,472.48</u>		<u>984.52</u>
		<u>1,472.48</u>		<u>984.52</u>

HEXAWARE TECHNOLOGIES LIMITED
NOTES TO CONSOLIDATED BALANCE SHEET
NOTE '9' - FIXED ASSETS

SR. NO.	PARTICULARS	G R O S S		D E P R E C I A T I O N / I M P A I R M E N T		N E T		As at 30.12.2012
		As at 01.01.2013	Additions	As at 01.01.2013	As at 31.03.2013	As at 31.03.2013	As at 31.03.2013	
A	TANGIBLE ASSETS							
1	LAND - FREEHOLD	0.15	-	-	-	0.15		0.15
2	LAND - LEASEHOLD (Refer Note No.1)	362.14	-	21.97	24.30	337.84		340.17
3	BUILDING	1,838.93	93.04	1,931.97	118.37	1,813.60		1,727.13
3	PLANT AND MACHINERY	1,394.29	37.91	1,405.23	26.53	389.86		388.19
4	OFFICE EQPT. & AC	583.96	37.47	620.65	0.93	274.52		260.24
5	FURNITURE AND FIXTURES	562.84	4.24	342.65	(0.09)	202.07		210.19
6	IMPROVEMENTS TO LEASEHOLD	29.30	0.38	29.90	(0.20)	26.07		4.38
7	VEHICLES	36.23	3.82	27.67	12.38	9.28		6.09
	Total - Tangible Assets	4,797.84	176.86	1,861.30	39.55	1,904.04		2,936.54
	<i>Previous year</i>	<i>4,126.05</i>	<i>674.34</i>	<i>1,580.90</i>	<i>3.15</i>	<i>1,861.29</i>		
B	INTANGIBLE ASSETS							
1	SOFTWARES	211.29	3.44	214.66	0.20	142.01		79.80
2	Goodwill on Consolidation	1,426.33	-	1,407.94	-	1,407.94		1,426.33
	Total - Intangible Assets	1,637.62	3.44	1,622.60	0.20	142.01		1,506.13
	<i>Previous year</i>	<i>1,542.92</i>	<i>71.18</i>	<i>116.30</i>	<i>25.39</i>	<i>131.50</i>		
	CURRENT PERIOD	6,435.46	180.30	1,992.80	39.75	2,046.05		4,442.67
	<i>PREVIOUS YEAR</i>	<i>5,668.97</i>	<i>745.53</i>	<i>1,697.20</i>	<i>28.54</i>	<i>1,992.80</i>		<i>-</i>
C	CAPITAL WORK IN PROGRESS (In respect of buildings under construction)							
	TOTAL							756.76
								5,199.43

Notes:

1 Includes Rs. 285.32 Million and Rs. 17.88 Million (Previous Year Rs. 17.12 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.

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

Particulars	Gross Block	Depreciation
Goodwill On Consolidation	18.39	-
TANGIBLE ASSETS		
Plant and Machinery	0.16	0.01
Office Equipment & AC	0.40	0.09
Furniture and Fixtures	0.22	0.20
Improvements to Leasehold Premises	0.02	0.02
Vehicles	-	-
Intangible Assets		
Computer Softwares	-	-
Current Period	19.19	0.32
<i>Previous year</i>	<i>63.92</i>	<i>12.58</i>

3 Plant and machinery includes Computer systems.

HEXAWARE TECHNOLOGIES LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Rupees Million)

Particulars	As at		AS AT	
	31st March 2013		31st December 2012	
	Rupees	Rupees	Rupees	Rupees
10 NON CURRENT INVESTMENTS				
Trade Investments - Others - Unquoted (At cost)				
240,958 equity shares of Rs. 10/- each invested in Beta Wind Farm Pvt.Ltd.		4.58		4.58
		-----		-----
		4.58		4.58
		=====		=====
11 LONG TERM LOANS AND ADVANCES (UNSECURED)				
Considered good				
a Capital Advances		14.98		13.01
b Security Deposits		81.20		64.71
c Advance Income Tax (net of provision for tax)		248.08		279.32
d Mat Credit Entitlement		676.77		690.11
e Other Loans and advances		42.16		41.62
		-----		-----
Total		1,063.19		1,088.77
Considered doubtful				
Other Loans and advances		1.27		-
Less : Provision for doubtful deposits / advances		(1.27)		-
		-----		-----
		-		-
		-----		-----
		1,063.19		1,088.77
		-----		-----
12 OTHER NON CURRENT ASSETS				
a Interest accrued on deposits		13.20		8.37
b Unbilled services		10.34		8.28
c Non current bank balances				
i. Restricted bank balances		176.52		153.36
ii. Bank deposit accounts with more than 12 months maturity from the date of balance sheet		152.41		-
		-----		-----
Total		352.47		170.01
		-----		-----
13 CURRENT INVESTMENTS				
Non Trade Investments (Unquoted)				
(At cost or fair value whichever is lower)				
Investment in mutual funds		2,473.30		2,349.83
		-----		-----
Total		2,473.30		2,349.83
		-----		-----

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Rupees Million)

Particulars	As at 31st March 2013		AS AT 31st December 2012	
	Rupees	Rupees	Rupees	Rupees
14 TRADE RECEIVABLES (UNSECURED)				
a) Over six months from the due date				
Considered good	0.26		2.14	
Considered doubtful	52.62		43.82	
	-----		-----	
	52.88		45.96	
Less: Provision for doubtful trade receivables	52.62		43.82	
	-----	0.26	-----	2.14
b) Others				
Considered good	2,985.36		3,646.94	
Considered doubtful	27.80		15.90	
	-----		-----	
	3,013.16		3,662.84	
Less: Provision for doubtful trade receivables	27.80		15.90	
	-----	2,985.36	-----	3,646.94
Total		2,985.62		3,649.08
		-----		-----
15 CASH AND CASH EQUIVALENTS				
a Cash in Hand		0.03		0.02
b Balances with Banks				
In Current Accounts	670.64		675.76	
Remittance in Transit	125.60		61.15	
Bank deposit Accounts with less than 3 months maturity	269.09		212.58	
	-----	1,065.33	-----	949.49
c Other Bank Balances:				
Earmarked balances with banks	124.87		105.92	
Unclaimed Dividend Account	45.19		40.96	
Margin money	6.46		6.48	
Bank deposit Accounts with more than 12 months maturity	966.00		498.50	
Bank deposit Accounts with more than 3 months and less than 12 months maturity	175.00		13.50	
	-----	1,317.52	-----	665.36
Cash and Bank Balances		2,382.88		1,614.87
d 'AAA' rated demand deposits with financial institutions		807.50		507.50
e Bank balances reclassified as Non current Assets				
Restricted bank balances	(176.52)		(153.36)	
Bank deposit accounts with more than 12 months maturity from the date of balance sheet	(152.41)		-	
	-----	(328.93)	-----	(153.36)
Total		2,861.45		1,969.01
		-----		-----
16 SHORT TERM LOANS AND ADVANCES (UNSECURED)				
a Considered good				
i. Security Deposits	68.75		86.64	
ii. Advance Income Tax (net of provision for tax)	25.63		28.84	
iii. Other Loans and advances (includes service tax receivable, prepaid expenses and employee advances)	346.04		393.20	
	-----	440.42	-----	508.68
b Considered doubtful				
Other Loans and advances	41.62		33.23	
Less : Provision for doubtful deposits / advances	(41.62)		(33.23)	
	-----	-	-----	-
		440.42		508.68
		-----		-----
17 OTHER CURRENT ASSETS				
Interest accrued on deposits		40.09		56.65
Unbilled services		1,009.65		585.04
Receivable on account of mark to market gains on derivative contracts (net)		41.49		-
		-----		-----
		1,091.23		641.69
		-----		-----

HEXAWARE TECHNOLOGIES LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Rupees Million)

Particulars	For the quarter ended 31st March 2013		For the quarter ended 31st March'12	
	Rupees	Rupees	Rupees	Rupees
18 OTHER INCOME				
Dividend from current investments		44.57		8.62
Profit on Sale / diminution in value of Current Investments (Net)		(0.12)		0.00
Interest income		36.23		91.71
Profit on Sale of Fixed Assets (Net)		2.51		0.27
Rental income		-		17.30
Miscellaneous income		11.96		2.09
		-----		-----
Total		95.15		119.99
		=====		=====
19 SOFTWARE AND DEVELOPMENT EXPENSES				
Consultant travel and related expenses		228.42		177.79
Software expenses (includes subcontracting charges Rs. 431.88 Million (Rs. 360.85 Million))		491.58		436.01
		-----		-----
Total		720.00		613.80
		=====		=====
20 EMPLOYEE BENEFITS EXPENSE				
Salary and other allowances		2,532.43		2,113.07
Contribution to provident and other funds		277.03		221.37
Staff welfare expenses		54.51		47.13
Employee stock option compensation cost		(0.46)		0.47
		-----		-----
Total		2,863.51		2,382.04
		=====		=====

HEXAWARE TECHNOLOGIES LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Rupees Million)

PARTICULARS	For the quarter ended 31st March 2013		For the quarter ended 31st March'12	
	Rupees	Rupees	Rupees	Rupees
21 OPERATIONS AND OTHER EXPENSES				
Rent		51.68		49.08
Rates and taxes		7.75		5.86
Travelling and conveyance expenses		157.78		112.53
Electricity charges		41.27		38.46
Communication expenses		43.74		35.20
Repairs and maintenance		32.67		24.29
Printing and stationery		5.14		5.68
Auditors remuneration		5.28		5.92
Legal and professional fees		27.81		23.95
Advertisement and publicity		5.61		12.76
Seminar, Conference and business promotion expenses		18.33		23.30
Bank and other charges		2.44		2.16
Directors' sitting fees		0.40		0.49
Insurance charges		10.77		7.77
Donation		0.13		0.13
Provision for obsolete assets		7.04		0.00
Debts and advances written off (Net of Recoveries)		-		2.05
Provision for doubtful accounts (Net off write back)		31.07		0.55
Staff recruitment expenses		10.10		16.48
Service charges		28.55		24.05
Miscellaneous expenses		27.08		22.76
Note : Miscellaneous Expenses includes Stamp Duty & Filing fees, Hiring charges, Registrar and Share Transfer expenses, Membership and Subscription, etc.				
	Total		514.64	413.47

HEXAWARE TECHNOLOGIES LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

22. Contingent Liabilities in respect of:

- a. Claims not acknowledged as debt to Rs. 28.14 million (31st December 2012 Rs 28.14 million).
- b. Income Taxes :
 - i. Income tax demands of Rs 112.38 million have been raised in respect of assessments completed during the quarter, arising from off-setting tax losses against income of exempt units. The Company has appealed against the orders and based on merits, expects favourable outcome. Hence no provision against such demand is considered necessary.
 - ii. In case of a Subsidiary Company Income tax demand of Rs 1.43 million (31st December 2012 Rs 1.43 Million) for Assessment year 2008-09, disputed in appeal and pending decision. Subsidiary company is hopeful of getting a favourable decision.

23. Related party disclosures:

Key Management Personnel (KMP)

Mr. Atul K. Nishar – Chairman

Mr. P. R. Chandrasekar - Vice Chairman and Chief Executive Officer

Dr. (Mrs) Alka A Nishar – Director

Mr R. V. Ramanan – Executive Director and President Global Delivery

Mr Ramanan Sheshadri - Whole Time Director

Mr. R U Srinivas – Chief Executive Officer (Caliber Point Business Solutions Ltd)

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

Others

Hexaware Technologies Employee Stock Option Trust, entity in which KMP has control and/or significant influence.

Transactions with KMP	Remuneration (Rupees In Million)	Options outstanding (Nos.)
Mr. Atul K. Nishar	3.26 (3.01)	- (-)
Mr P R Chandrasekar	19.72 (17.56)	- (1,019,978)
Mr R V Ramanan	12.63 (16.15)	250,000 (388,822)
Dr. (Mrs.) Alka A. Nishar	- (2.29)	- (-)
Mr R U Srinivas	2.95 (2.91)	30,000 (60,000)
Mr Rajiv Pant	7.46 (6.59)	235,960 (242,536)
Mr. Ramanan Sheshadri	3.66 (3.22)	222,000 (248,000)

Remuneration is for the quarter ended 31st March 2013 and 2012 and Options outstanding are as at 31st March 2013 and 31st December 2012.

HEXAWARE TECHNOLOGIES LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

24. Earnings per Share (EPS):

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

Particulars	For the Quarter Ended	
	31 st March	
	2013	2012
Net profit after tax (Rupees Million)	792.77	883.64
Weighted average outstanding equity shares considered for basic EPS (Nos.)	296,785,093	293,612,992
Basic Earnings per share : (In Rupees)	2.67	3.01
Weighted average outstanding equity shares considered for basic EPS (Nos.)	296,785,093	293,612,992
Add : Effect of dilutive issue of stock options (including share application money received on exercise of options) (Nos.)	3,757,928	6,499,925
Weighted average outstanding equity shares considered for diluted EPS (Nos.)	300,543,021	300,112,917
Diluted Earnings per share : (In Rupees)	2.64	2.94

25. Derivative Instruments:

- (i) Forward exchange contracts to Sell US Dollar 239.78 Million and Sell Euro 13.99 Million are outstanding as of 31st March 2013 (31st December 2012 Sell US Dollar 218.12 Million and Sell Euro 13.96 Million).
- (ii) Fair value (net profit) of the derivative instruments identified as cash flow hedges is Rs. 27.64 million as at 31st March 2013 (31st December 2012 net loss of Rs. 221.84 million).
- (iii) Net loss of Rs. 410.57 million Recognised in Hedging Reserve as of 31st March, 2013 is expected to be classified to Statement of Profit and loss over two years.

26. "Provision Others" includes provisions towards expenditure relating employee benefit obligations on contract acquisition, travel expenses (also in respect of fixed assets in previous year), the outflow for which is expected in the next twelve months

Particulars	(Rupees in Million)	
	31st March 2013	31st December 2012
Opening provision at the beginning of the year	197.31	346.19
Provision made during the period / year	26.18	8.35
Repaid /Adjusted during the period / year	(23.97)	(157.23)
Closing provision at the end of the period /year	199.52	197.31

27. Current income tax expense comprises of taxes on income from operations in India and foreign jurisdictions. In respect of certain entities in the group, where the income tax year is different from the accounting year, provision for current tax is made on the basis of income for the respective accounting year, which will be adjusted considering the total assessable income for the tax year. Tax expense relating to overseas operation is determined in accordance with the tax laws applicable in countries where such operations are domiciled.

HEXAWARE TECHNOLOGIES LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

28. Segments:

(Rupees in Million)

Primary Segment : Business Segments						
Particulars	Travel, Transportation, Hospitality and Logistics	Banking and Financial Services	Insurance and Healthcare	Manufacturing and Services	Others	Total
Segment Revenue	944.88	1,691.82	775.93	971.77	692.44	5,076.84
	(910.98)	(1,134.74)	(719.80)	(1,089.78)	(527.61)	(4,382.91)
Segment Results	186.13	266.03	149.11	266.20	111.22	978.69
	(213.80)	(215.37)	(165.48)	(282.39)	(96.56)	(973.60)
Less: Unallocable expenses						70.47
						(44.94)
Add: Other Income						95.15
						(119.99)
Less: Interest						0.03
						(0.08)
Profit before tax						1,003.34
						(1,048.57)
Less: Tax expense						210.57
						(164.93)
Profit after tax						792.77
						(883.64)

Segment - Geographic Segment					
Particulars	North America	Europe	India	Rest of the World	Total
Revenue attributable to location of customers	3,395.70	1,326.04	101.40	253.70	5,076.84
	(2,778.74)	(1,286.02)	(114.43)	(203.72)	(4,382.91)
Segment assets based on their locations	2,891.82	495.87	5,708.10	149.25	9,245.04
	(3,087.90)	(549.54)	(5,599.22)	(119.53)	(9,356.19)
Additions to fixed assets (including capital work in progress)	9.23	0.12	21.55	0.05	30.95
	(1.37)	(0.86)	(137.71)	-	(139.94)
Goodwill	1,283.94	124.00	-	-	1,407.94
	(1,300.71)	(125.62)	(-)	(-)	(1,426.33)

HEXAWARE TECHNOLOGIES LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Notes to segments:

- a) The Company has identified business segment as the primary segment. Segments have been identified taking into account the services offered to customers globally operating in different industry segments, differing risks and returns, the organizational and the internal reporting system.
 - b) Revenues and expenses directly attributable to segments are reported under each reportable business segment. Common expenses which are not directly identifiable to reporting segment have been allocated to 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 segments as the assets are used interchangeably between segments and it is not practicable to reasonably allocate the liabilities to individual segments. Accordingly, no disclosure relating to segment assets and segment liabilities are made.
 - d) Reported transactions are for the quarter ended 31st March 2013 and balances are as at 31st December 2012. Previous period / year figure are given in brackets.
- 29.** Previous period / year figures have been regrouped / reclassified wherever necessary to correspond with the current period's classification / disclosure.
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