

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

Report on the Condensed Interim Standalone Financial Statements

We have audited the accompanying condensed interim standalone financial statements of **HEXAWARE TECHNOLOGIES LIMITED** ("the Company"), which comprise the Condensed Balance Sheet as at 30th September, 2016, the Condensed Statement of Profit and Loss for the quarter and nine months then ended and the Condensed Cash Flow Statement for the nine months then ended, and the selected Explanatory notes.

Management's Responsibility for the Condensed Interim Standalone Financial Statements

The Company's Board of Directors is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company 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. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company 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 condensed 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 interim financial statements based on our audit.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the condensed financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the condensed financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the condensed 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 Company has in place an adequate internal financial controls system over financial reporting 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 Company's Directors, as well as evaluating the overall presentation of the condensed financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the condensed interim standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid condensed interim standalone financial statements give a true and fair view in conformity with AS 25 and the accounting principles generally accepted in India, of the state of affairs of the Company as at 30th September, 2016, its profit for the quarter and nine months ended on that date and its cash flows for the nine months ended on that date.

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

Abhijit A. Damle
Partner
(Membership No. 102912)

MUMBAI, 25th October, 2016

HEXAWARE TECHNOLOGIES LIMITED

CONDENSED BALANCE SHEET AS AT 30TH SEPTEMBER, 2016

(Rs. Million)

Particulars	Note No.	As at 30th September 2016	As at 31st December 2015
I. EQUITY AND LIABILITIES			
Share holders' funds			
a. Share capital	2	603.82	603.13
b. Reserves and surplus	3	11,859.51	10,496.39
		12,463.33	11,099.52
Share application money pending allotment	2	0.06	-
Non-current liabilities			
a. Deferred tax liabilities (net)	4	47.58	91.95
b. Other long-term liabilities	5	6.23	7.29
c. Long-term provisions - Employee benefits		399.84	315.27
		453.65	414.51
Current liabilities			
a. Trade payables			
i. Dues of micro and small enterprises		-	-
ii. Others		1,380.63	1,352.18
b. Other current liabilities	6	1,092.48	1,168.33
c. Short-term provisions	7	654.89	952.62
		3,128.00	3,473.13
Total		16,045.04	14,987.16
II. ASSETS			
Non-current assets			
a. Fixed assets	8		
i. Tangible assets		2,895.00	2,905.74
ii. Intangible assets		112.06	104.66
iii. Capital work-in-progress		2,038.36	1,105.43
		5,045.42	4,115.83
b. Non-current investments	9	2,089.24	2,017.27
c. Long-term loans and advances	10	2,351.02	2,020.04
d. Other non-current assets	11	353.81	132.78
		9,839.49	8,285.92
Current assets			
a. Current investments	12	325.30	409.33
b. Trade receivables	13	3,747.30	3,970.97
c. Cash and cash equivalents	14	884.87	1,099.64
d. Short-term loans and advances	15	686.12	849.51
e. Other current assets	16	561.96	371.79
		6,205.55	6,701.24
Total		16,045.04	14,987.16
III. NOTES FORMING PART OF FINANCIAL STATEMENTS	1 to 27		
In terms of our report attached			
For Deloitte Haskins & Sells LLP		For and on behalf of the board of directors	
Chartered Accountants			
Abhijit A. Damle		R. Srikrishna	Dileep Choksi
(Partner)		(CEO & Executive Director)	(Director)
Place : Mumbai			
Date : 25th October, 2016			

HEXAWARE TECHNOLOGIES LIMITED

CONDENSED STATEMENT OF PROFIT AND LOSS FOR THE QUARTER AND NINE MONTHS ENDED 30TH SEPTEMBER, 2016

(Rs. Million)

Particulars	Note No.	For the Quarter ended 30th September		For the Nine Months ended 30th September	
		2016	2015	2016	2015
I. INCOME					
a. Revenue from operations		3,714.56	3,483.89	10,242.03	9,664.85
b. Other income	17	19.50	19.69	60.17	81.57
		3,734.06	3,503.58	10,302.20	9,746.42
II. EXPENSES					
a. Software and development expenses	18	98.10	150.05	329.10	435.93
b. Employee benefits expense	19	1,830.27	1,664.40	5,205.91	4,662.45
c. Operations and other expense	20	448.57	386.31	1,265.78	1,074.01
d. Employee stock option compensation cost		71.46	111.58	191.45	203.43
e. Exchange rate difference (net)		(46.43)	(80.97)	(179.63)	(33.56)
f. Interest - others		0.93	-	0.99	0.01
g. Depreciation and amortisation expenses	8	108.09	101.78	319.92	300.99
		2,510.99	2,333.15	7,133.52	6,643.26
Profit before tax		1,223.07	1,170.43	3,168.68	3,103.16
Tax expense					
a. Income Tax - Current (net of MAT credit entitlement)		306.82	224.38	709.07	611.52
b. Income Tax - Deferred		(30.58)	2.72	(44.37)	(28.51)
		276.24	227.10	664.70	583.01
Profit for the period		946.83	943.33	2,503.98	2,520.15
Earnings per share (in Rupees)	23				
Basic		3.14	3.13	8.30	8.37
Diluted		3.11	3.10	8.23	8.28
Face value of equity share (in Rupees)		2.00	2.00	2.00	2.00
III. NOTES FORMING PART OF FINANCIAL STATEMENTS	1 to 27				
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 & Executive Director)		Dileep Choksi (Director)	
Place : Mumbai					
Date : 25th October, 2016					

HEXAWARE TECHNOLOGIES LIMITED

CONDENSED CASH FLOW STATEMENT FOR THE NINE MONTHS ENDED 30TH SEPTEMBER, 2016

(Rs. Million)

Particulars	For the Nine Months ended 30th September	
	2016	2015
A Cash flow from operating activities		
Net Profit before tax	3,168.68	3,103.16
Adjustments for :		
Depreciation and amortisation expense	319.92	300.99
Employee stock option compensation cost	191.45	203.43
Dividend from current investments	(10.29)	(39.82)
Interest income	(37.95)	(24.45)
Provision for doubtful accounts (net)	(12.77)	24.83
Debts and advances written off	1.47	3.67
Deferred settlement loss relating to roll-over cash flow hedges	-	184.36
(Profit) / Loss on sale of fixed assets (net)	(0.79)	0.10
Interest expense	0.99	0.01
Exchange rate difference (net) - unrealised	(4.43)	6.18
Operating Profit before working capital changes	3,616.28	3,762.46
Adjustments for :		
Trade and other receivables	282.86	(1,144.15)
Trade and other payables	119.39	(285.58)
Cash generated from operations	4,018.53	2,332.73
Direct taxes paid (net)	(651.24)	(583.45)
Net cash from operating activities	3,367.29	1,749.28
B Cash flow from investing activities		
Purchase of fixed assets	(1,065.09)	(710.34)
Investments in subsidiaries (including share application money)	(80.00)	(1.66)
Purchase of current investments	(5,950.29)	(7,965.57)
Loan to a subsidiary	(407.80)	-
Interest received (net of tax Rs. 4.05 million (Rs. 1.23 million))	2.10	26.74
Proceeds from sale / redemption of current investments	6,034.32	9,120.00
Dividend from current investments	10.29	39.82
Proceeds from sale of fixed assets	1.33	1.54
Net cash (used in) / from investing activities	(1,455.14)	510.53
C Cash flow from financing activities		
Proceeds from issue of shares (net)	12.36	29.05
Interest paid	(0.99)	(0.01)
Dividend paid (including corporate dividend tax)	(2,142.72)	(2,355.68)
Net cash (used in) financing activities	(2,131.35)	(2,326.64)
Net (Decrease) in cash and cash equivalents	(219.20)	(66.83)
Cash and cash equivalents at the beginning of the period	1,105.57	1,103.03
Cash and cash equivalents at the end of the period (Refer Note 1 below)	886.37	1,036.20
Notes:		
1 Components of cash and cash equivalents comprise the following : (Refer Note no. 14 of notes forming part of financial statements)		
Cash and Bank Balances	1,025.84	1,244.29
Less : Restricted bank balances	(140.97)	(213.42)
Cash and Cash equivalents	884.87	1,030.87
Add : Unrealised Loss / (gain) on foreign currency cash and cash equivalents	1.50	5.33
Total Cash and Cash equivalents	886.37	1,036.20
2 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 (CEO & Executive Director)	Dileep Choksi (Director)
Place : Mumbai Date : 25th October, 2016		

HEXAWARE TECHNOLOGIES LIMITED
NOTES TO CONDENSED FINANCIAL STATEMENTS

1. BACKGROUND

Hexaware Technologies Limited ("Hexaware" or "the 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 management, quality assurance and independent testing.

These condensed interim financial statements have been prepared using the same basis / accounting policies as those used for the audited financial statements for the year ended on 31st December 2015. These interim financial statements have been prepared considering the requirements of Accounting Standard 25 "Interim financial reporting".

(Rs. Million)

Particulars	As at		As at	
	30th September 2016		31st December 2015	
2. 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		1,563.10		1,563.10
(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.)				
Total		<u>2,513.10</u>		<u>2,513.10</u>
b. Issued, subscribed and paid-up capital				
Equity Shares of Rs. 2/- each fully paid		603.82		603.13
Total		<u>603.82</u>		<u>603.13</u>
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 options were outstanding as on 30th September, 2016 (9,844,513 as on 31st December, 2015).				
h. Share application money pending allotment				
Share application money pending allotment is Rs. 0.06 million as at 30th September, 2016 (Rs. Nil as at 31st December 2015) which pertains to 28,365 (Nil) shares.				
i. The Board of Directors, at its meeting held on 25th October, 2016 has declared interim 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 CONDENSED FINANCIAL STATEMENTS

(Rs. Million)

Particulars	As at	As at
	30th September 2016	31st December 2015
3. RESERVES AND SURPLUS		
a. Securities premium account		
Opening balance	4,772.37	4,741.93
Add : Received during the period / year	11.61	30.44
Closing balance	4,783.98	4,772.37
b. Employee stock options outstanding		
Opening balance	232.66	-
Add : Employee stock option compensation cost	191.45	232.66
Closing balance	424.11	232.66
c. General reserve	2,135.75	2,135.75
d. Hedging reserve		
Opening balance	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
Closing balance	307.03	15.96
e. Amalgamation reserve	2.88	2.88
f. Special Economic Zone Re-investment reserve		
Opening balance	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
Closing balance	339.64	329.52
g. Balance in Statement of Profit and Loss		
Opening balance	3,007.25	2,862.59
Add : Transfer from Special Economic Zone Re-investment reserve	160.09	124.62
Add : Profit for the period / year	2,503.98	3,329.71
	5,671.32	6,316.92
Less : Appropriations		
Transfer to Special Economic Zone Re-investment reserve	170.21	172.75
Interim dividend - equity	1,358.45	2,608.16
Tax on dividend	276.54	528.76
Closing balance	3,866.12	3,007.25
Total	11,859.51	10,496.39

HEXAWARE TECHNOLOGIES LIMITED
NOTES TO CONDENSED FINANCIAL STATEMENTS

(Rs. Million)

Particulars	As at	As at
	30th September 2016	31st December 2015
4. DEFERRED TAX LIABILITIES		
Deferred tax liabilities		
a. Depreciation	180.20	169.51
	<u>180.20</u>	<u>169.51</u>
Less : Deferred tax assets		
a. Employee benefits	77.27	67.49
b. Provision for doubtful receivables	24.20	10.07
c. Provision others	31.15	-
	<u>132.62</u>	<u>77.56</u>
Total	<u><u>47.58</u></u>	<u><u>91.95</u></u>
5. OTHER LONG TERM LIABILITIES		
a. Capital creditors	1.39	3.39
b. For expenses	4.84	3.90
Total	<u><u>6.23</u></u>	<u><u>7.29</u></u>
6. OTHER CURRENT LIABILITIES		
a. Unearned revenues	10.06	25.54
b. Unclaimed dividend *	133.21	119.92
c. Other payables		
i. Employee related	259.75	265.51
ii. Statutory liabilities	125.59	146.14
iii. Deposit received from customer / lessee	0.38	-
iv. Capital creditors	307.24	312.46
v. For expenses	256.25	298.76
* There is no amount due and outstanding to be credited to Investor Education and Protection Fund.		
Total	<u><u>1,092.48</u></u>	<u><u>1,168.33</u></u>
7. SHORT TERM PROVISIONS		
a. For employee benefits	55.75	56.40
b. Proposed dividend	301.91	723.75
c. Tax on proposed dividend	61.46	147.34
d. For tax (net of advance tax) (net of MAT credit availed Rs. 47.68 million (Rs. 47.68 million))	145.77	25.13
e. Others (Refer Note no. 25)	90.00	-
Total	<u><u>654.89</u></u>	<u><u>952.62</u></u>

HEXAWARE TECHNOLOGIES LIMITED
NOTES TO CONDENSED FINANCIAL STATEMENTS

8. FIXED ASSETS

(Rs. Million)

Particulars	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
	As at 01.01.2016	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
i. Tangible Assets										
Land - Freehold	0.15	-	-	0.15	-	-	-	-	0.15	0.15
Land - Leasehold	161.07	120.24	-	281.31	14.52	1.92	-	16.44	264.87	146.55
Building	2,250.89	1.01	-	2,251.90	223.72	30.44	-	254.16	1,997.74	2,027.17
Plant and Machinery	1,574.14	102.91	22.33	1,654.72	1,169.22	136.97	22.14	1,284.05	370.67	404.92
Office Equipments	784.39	28.96	0.81	812.54	595.12	68.13	0.66	662.59	149.95	189.27
Furniture and Fixtures	508.94	3.17	0.37	511.74	380.32	26.25	0.37	406.20	105.54	128.62
Vehicles	24.64	0.17	0.82	23.99	17.45	2.20	0.61	19.04	4.95	7.19
Leasehold Improvements	4.97	-	-	4.97	3.10	0.74	-	3.84	1.13	1.87
Total	5,309.19	256.46	24.33	5,541.32	2,403.45	266.65	23.78	2,646.32	2,895.00	2,905.74
<i>Previous year</i>	<i>5,110.32</i>	<i>255.05</i>	<i>56.18</i>	<i>5,309.19</i>	<i>2,112.22</i>	<i>346.30</i>	<i>55.07</i>	<i>2,403.45</i>	<i>2,905.74</i>	
ii. Intangible Assets										
Software	391.14	60.67	-	451.81	286.48	53.27	-	339.75	112.06	104.66
Total	391.14	60.67	-	451.81	286.48	53.27	-	339.75	112.06	104.66
<i>Previous year</i>	<i>329.58</i>	<i>61.80</i>	<i>0.24</i>	<i>391.14</i>	<i>224.42</i>	<i>62.06</i>	<i>-</i>	<i>286.48</i>	<i>104.66</i>	
iii. Capital work-in-progress (mainly in respect of buildings under construction)									2,038.36	1,105.43
Grand total	5,700.33	317.13	24.33	5,993.13	2,689.93	319.92	23.78	2,986.07	5,045.42	4,115.83
<i>Previous year</i>	<i>5,439.90</i>	<i>316.85</i>	<i>56.42</i>	<i>5,700.33</i>	<i>2,336.64</i>	<i>408.36</i>	<i>55.07</i>	<i>2,689.93</i>	<i>4,115.83</i>	

Notes:

- Land - Leasehold 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 of leasehold land allotted to the Company at Nagpur for which final lease agreement is being executed.
- Plant and machinery includes Computer systems.

HEXAWARE TECHNOLOGIES LIMITED
NOTES TO CONDENSED FINANCIAL STATEMENTS

(Rs. Million)

Particulars	As at	As at
	30th September 2016	31st December 2015
9. NON-CURRENT INVESTMENTS		
Trade investments in subsidiary companies (unquoted) (at cost)		
a. 30,026 common stock at no par value in Hexaware Technologies Inc., U.S.A.	1,632.68	1,632.68
b. 2,167,000 shares of 1 GBP each fully paid up in Hexaware Technologies UK Ltd.	154.64	154.64
c. 500,000 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. 9,500,000 shares of Rs. 10/- each fully paid up in Risk Technology International Limited	93.50	93.50
g. 1 participation share of no par value in Hexaware Technologies Mexico S De R.L. De C.V.	29.42	29.42
h. 15 (5) shares at no par value in Guangzhou Hexaware Information Technologies Company Limited, China	5.04	1.66
i. Entire Share Capital in Hexaware Technologies Limited Liability Company, Russia	148.60	80.01
	<u>2,084.66</u>	<u>2,012.69</u>
Trade investments (unquoted) (at cost) - in others		
240,958 equity shares of Rs. 10/- each fully paid up in Beta Wind Farm Pvt. Ltd.	4.58	4.58
	<u>4.58</u>	<u>4.58</u>
Total	<u><u>2,089.24</u></u>	<u><u>2,017.27</u></u>
10. LONG TERM LOANS AND ADVANCES (UNSECURED)		
Considered good		
a. Loans to related parties (Refer Note no. 22)	762.30	354.50
b. Share application in Hexaware Technologies Saudi (Limited Liability Company), Saudi Arabia	8.03	-
c. Capital Advances	23.15	215.34
d. Security Deposits	149.95	128.03
e. Advance Income Tax and Fringe benefit Tax (net of provision for tax)	378.40	341.33
f. MAT Credit Entitlement	947.27	917.48
g. Other Loans and advances (includes service tax receivable, prepaid expenses etc.)	81.92	63.36
Total	<u><u>2,351.02</u></u>	<u><u>2,020.04</u></u>
11. OTHER NON-CURRENT ASSETS		
a. Interest accrued on deposits	0.41	0.51
b. Unbilled services	83.26	-
c. Non current bank balances		
Restricted bank balances (Refer Note no. 14)	140.97	130.50
d. Receivable on account of MTM gains on derivatives contract (net) (Refer Note no. 24)	129.17	1.77
Total	<u><u>353.81</u></u>	<u><u>132.78</u></u>
12. CURRENT INVESTMENTS		
Investments in mutual funds (unquoted)	325.30	409.33
Total	<u><u>325.30</u></u>	<u><u>409.33</u></u>

HEXAWARE TECHNOLOGIES LIMITED
NOTES TO CONDENSED FINANCIAL STATEMENTS

(Rs. Million)

Particulars	As at	As at
	30th September 2016	31st December 2015
13. TRADE RECEIVABLES (UNSECURED)		
a. Over six months from the due date		
Considered good	18.46	24.46
Considered doubtful	44.99	48.11
	<u>63.45</u>	<u>72.57</u>
Less : Provision for doubtful receivables	44.99	48.11
	<u>18.46</u>	<u>24.46</u>
b. Others		
Considered good	3,728.84	3,946.51
Considered doubtful	8.25	18.56
	<u>3,737.09</u>	<u>3,965.07</u>
Less : Provision for doubtful receivables	8.25	18.56
	<u>3,728.84</u>	<u>3,946.51</u>
Total	<u>3,747.30</u>	<u>3,970.97</u>
14. CASH AND CASH EQUIVALENTS		
a. Cash in hand	0.05	-
b. Balances with banks		
i. In current accounts	828.24	1,093.93
ii. Remittances in transit	18.14	2.06
iii. Bank deposit accounts with less than 3 months maturity	35.59	3.65
	<u>881.97</u>	<u>1,099.64</u>
c. Other bank balances		
i. Unclaimed dividend accounts	133.58	120.28
ii. Margin money	7.39	10.22
iii. Bank deposit accounts with more than 3 and upto 12 months maturity	2.85	-
	<u>143.82</u>	<u>130.50</u>
Total Cash and Bank Balances	1,025.84	1,230.14
d. Less : Bank balances classified as non current assets		
Restricted bank balances (Refer Note no. 11)	(140.97)	(130.50)
Total	<u>884.87</u>	<u>1,099.64</u>
15. SHORT TERM LOANS AND ADVANCES (UNSECURED)		
a. Considered good		
i. Security deposits	29.66	6.27
ii. Loans and advances to related parties (Refer Note no. 22)	211.77	270.73
iii. Other loans and advances (includes service tax receivable, prepaid expenses, employee travel advances etc.)	444.69	572.51
	<u>686.12</u>	<u>849.51</u>
b. Considered doubtful		
Security deposits	35.14	35.15
Less : Provision for doubtful deposits	35.14	35.15
	<u>-</u>	<u>-</u>
Total	<u>686.12</u>	<u>849.51</u>
16. OTHER CURRENT ASSETS		
a. Interest accrued on deposits	0.76	1.05
b. Unbilled services	331.57	351.66
c. Receivable on account of MTM gains on derivatives contract (net)	229.63	19.08
Total	<u>561.96</u>	<u>371.79</u>

HEXAWARE TECHNOLOGIES LIMITED
NOTES TO CONDENSED FINANCIAL STATEMENTS

(Rs. Million)

Particulars	For the Quarter ended 30th September		For the Nine Months ended 30th September	
	2016	2015	2016	2015
17. OTHER INCOME				
a. Dividend from current investments	2.53	8.30	10.29	39.82
b. Interest income	15.92	9.37	37.95	24.45
c. Profit / (Loss) on sale of fixed assets (net)	0.08	0.23	0.79	(0.10)
d. Miscellaneous income	0.97	1.79	11.14	17.40
Total	19.50	19.69	60.17	81.57
18. SOFTWARE AND DEVELOPMENT EXPENSES				
a. Consultant travel and related expenses	37.84	63.01	134.43	188.62
b. Software expenses *	60.26	87.04	194.67	247.31
Total	98.10	150.05	329.10	435.93
* includes subcontracting charges	53.10	51.72	174.08	168.66
19. EMPLOYEE BENEFITS EXPENSE				
a. Salaries and allowances	1,612.08	1,443.80	4,652.42	4,130.25
b. Contribution to provident and other funds	138.51	127.04	306.92	314.57
c. Staff welfare expenses	79.68	93.56	246.57	217.63
Total	1,830.27	1,664.40	5,205.91	4,662.45
20. OPERATIONS AND OTHER EXPENSE				
a. Rent	52.89	34.36	133.09	97.37
b. Rates and taxes	6.94	8.84	18.30	21.13
c. Travelling and conveyance expenses	83.06	76.02	248.77	212.37
d. Electricity charges	52.85	52.52	158.43	146.26
e. Communication expenses	46.04	39.20	125.61	107.32
f. Repairs and maintenance	80.88	51.82	206.66	148.86
g. Printing and stationery	8.28	5.85	22.71	18.59
h. Auditors remuneration	2.47	2.70	7.48	9.05
i. Legal and professional fees	29.12	20.85	78.26	69.15
j. Advertisement and business promotion	17.18	12.21	54.73	30.61
k. Bank and other charges	1.01	1.19	3.14	3.24
l. Directors' sitting fees	0.26	0.14	0.78	0.80
m. Insurance charges	3.73	3.04	11.10	11.67
n. Corporate Social Responsibility Expenditure	11.75	3.44	27.46	8.44
o. Debts and advances written off	-	-	1.47	3.67
p. Provision for doubtful accounts (Net off write back) **	(5.33)	14.39	(12.77)	24.83
q. Staff recruitment expenses	14.75	19.89	52.28	42.70
r. Service charges	37.94	35.24	113.57	105.08
s. Miscellaneous expenses	4.75	4.61	14.71	12.87
Total	448.57	386.31	1,265.78	1,074.01
** net of write back	(16.79)	(2.93)	(36.98)	(9.68)

Hexaware Technologies Limited

Notes to the Condensed financial statements.

21 Contingent Liabilities 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 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 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.

22 Related party disclosures

Name of the Related Parties	Country
Ultimate Holding company and its Subsidiaries	
Baring Private Equity Asia GP V. LP (ultimate holding company) (control exists)	Cayman Island
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
Wholly Owned Subsidiaries	
Hexaware Technologies Inc.	United States of America
Hexaware Technologies UK Ltd.	United Kingdom
Hexaware Technologies Asia Pacific Pte. Ltd.	Singapore
Hexaware Technologies GmbH.	Germany
Hexaware Technologies Canada Limited.	Canada
FocusFrame Europe BV ^{(1) & (2)}	Netherland
Hexaware Technologies, Mexico S. De. R.L. De. C.V.	Mexico
Risk Technology International Limited	India
Hexaware Technologies DO Brazil Ltd, Brazil ⁽³⁾	Brazil
Guangzhou Hexaware Information Technologies Company Limited ⁽⁴⁾	China
Hexaware Technologies LLC ⁽⁵⁾	Russia
Hexaware Technologies Saudi LLC ⁽⁶⁾	Saudi Arabia
Hexaware Technologies Romania SRL ⁽⁷⁾	Romania
Key Management Personnel (KMP)	
Mr. R Srikrishna - Executive Director and CEO	

Notes:

- Subsidiary of Hexaware Technologies Inc.
- Closed on 31st March 2015.
- Subsidiary of Hexaware Technologies UK Ltd
- Formed and comenced business on 21st May, 2015.
- Formed on 14th October 2015.
- Received investment license, registration is under process.
- Subsidiary of Hexaware Technologies UK Ltd, formed on 28th September 2016.

Hexaware Technologies Limited
Notes to the Condensed financial statements.

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

(Rs. Million)

Nature of transactions	Name of the Related party and Relationship	Quarter Ended 30th September		Nine month Ended 30th September	
		2016	2015	2016	2015
Investment / Share Application money made	Subsidiaries				
	Hexaware Technologies LLC	-	-	68.59	-
	Guangzhou Hexaware Information Technologies Company Limited	1.68	1.66	3.38	1.66
	Hexaware Technologies Saudi LLC	8.03	-	8.03	-
		9.71	1.66	80.00	1.66
Loan given	Subsidiaries				
	Risk Technology International Limited	216.50	5.00	407.80	22.50
Software and consultancy income	Subsidiaries				
	Hexaware Technologies Inc.	1,674.07	1,583.08	4,561.54	4,136.20
	Hexaware Technologies UK Ltd.	287.39	204.85	759.14	493.38
	Others	129.67	144.73	407.38	495.18
		2,091.13	1,932.66	5,728.06	5,124.76
Software and development expenses - subcontracting charges	Subsidiaries				
	Hexaware Technologies Inc.	39.17	30.61	136.35	94.04
Interest income	Subsidiaries				
	Risk Technology International Limited	15.48	4.95	35.77	13.99
Reimbursement of cost to	Subsidiaries				
	Hexaware Technologies UK Ltd.	3.39	8.24	10.63	21.29
	Hexaware Technologies Asia Pacific Pte Ltd	1.03	0.12	1.69	0.36
	Others	0.67	0.02	0.79	0.46
		5.09	8.38	13.11	22.11
Receiving of Services	Remuneration to KMP				
	Mr. R Srikrishna (including share based payment)	12.88	13.18	38.42	39.37
Recovery of cost from	Holding Company				
	HT Global IT Solutions Holdings Limited	1.63	-	1.63	-
	Subsidiaries				
	Hexaware Technologies Inc.	88.88	131.68	319.06	326.99
	Hexaware Technologies UK Ltd.	60.35	50.81	190.19	127.70
		7.47	11.99	21.13	29.39
		158.33	194.48	532.01	484.08

Particulars	As at	
	30th September 2016	31st December 2015
Outstanding Balances with Subsidiaries		
Investment in equity	2,084.66	2,012.69
Share Application money	8.03	-
Receivable towards software and consultancy income	2,483.45	2,929.56
Other receivables	211.77	270.73
Payable towards services and reimbursement of cost	1,198.21	1,190.32
Loan given	762.30	354.50
Payable to KMP	1.15	1.54

Hexaware Technologies Limited
Notes to the Condensed financial statements.

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

Particulars	Quarter Ended		Nine Months Ended	
	30th September 2016	30th September 2015	30th September 2016	30th September 2015
Net profit after tax (Rs Million)	946.83	943.33	2,503.98	2,520.15
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.)	3.14	3.13	8.30	8.37
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 option (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.)	3.11	3.10	8.23	8.28

24 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.

25 "Provision others" represents provisions towards expenditure relating to employee benefit obligations on contract restructuring.

(Rs. Million)

Particulars	Period Ended	Year Ended
	30th September 2016	31st December 2015
Provision at the beginning of the period /year	-	34.46
Provision made during the period/year	90.00	3.82
Paid /adjusted during the period/year	-	(38.28)
Provision at the end of the period /year	90.00	-

26 Segments:

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

Hexaware Technologies Limited

Notes to the Condensed financial statements.

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

For and on behalf of the board of directors

R Srikrishna
(CEO and Executive Director)

Dileep Choksi
(Director)

Place : Mumbai
Date : 25th October 2016