

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

Report on the Condensed Interim Consolidated Financial Statements

We have audited the accompanying condensed 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, 2014, 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 Condensed Interim 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 (AS-25) on Interim Financial Reporting notified under the Companies Act, 1956 (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs) 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 condensed 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 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 consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the condensed consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and 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, 2014;
- (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. 1,578.03 million as at March 31, 2014, total revenues of Rs.966.13 million and net cash flows amounting to Rs.62.98 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 opinion is not qualified in respect of this matter.

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

R. D. Kamat
(Partner)
(Membership No. 36822)

MUMBAI, April 29, 2014

HEXAWARE TECHNOLOGIES LIMITED

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2014

(Rupees Million)

Particulars	Note No.	As at	
		31st March 2014	31st December 2013
I. EQUITY AND LIABILITIES			
Share Holders' Funds :			
a. Share Capital	"3"	600.53	599.75
b. Reserves and Surplus	"4"	11,563.58	11,391.86
		-----	-----
		12,164.11	11,991.61
Share Application Money pending allotment			
		0.01	0.86
Non-current liabilities :			
a. Deferred Tax Liabilities (Net)	"5"	219.20	275.54
b. Other Long-term Liabilities	"6"	10.70	9.17
c. Long-term provisions - Employee benefits		217.48	204.85
		-----	-----
		447.38	489.56
Current liabilities :			
a. Trade Payables		496.09	493.99
b. Other Current Liabilities	"7"	1,775.93	1,760.29
c. Short-Term Provisions	"8"	1,957.37	3,575.42
		-----	-----
		4,229.39	5,829.70
		-----	-----
Total		16,840.89	18,311.73
		=====	=====
II. ASSETS			
Non-current assets :			
a. Fixed Assets :	"9"		
i) Tangible Assets		3,433.58	3,456.56
ii) Intangible Assets		1,632.07	1,693.82
iii) Capital Work-in-Progress		266.79	220.42
		-----	-----
		5,332.44	5,370.80
b. Non-current investments	"10"	4.58	4.58
c. Deferred Tax Asset (Net)	"5"	261.47	227.32
d. Long-term Loans and Advances	"11"	1,355.16	1,290.71
e. Other non-current assets	"12"	203.26	176.71
		-----	-----
		7,156.91	7,070.12
Current Assets :			
a. Current Investments	"13"	2,493.80	3,378.06
b. Trade Receivables	"14"	3,088.60	3,235.78
c. Cash and Cash Equivalents	"15"	1,739.99	3,010.52
d. Short-term Loans and Advances	"16"	553.54	483.43
e. Other Current Assets	"17"	1,808.05	1,133.82
		-----	-----
		9,683.98	11,241.61
		-----	-----
Total		16,840.89	18,311.73
		=====	=====
III. NOTES FORMING PART OF FINANCIAL STATEMENTS			
	"1 to 29"		

In terms of our attached report of even date

For Deloitte Haskins & Sells LLP
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/-
Dileep Choksi
(Director)

Place : Mumbai
Date : April 29, 2014

HEXAWARE TECHNOLOGIES LIMITED

CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31st MARCH 2014

(Rupees Million)

Particulars	Note No.	For the quarter ended 31st March 2014	For the quarter ended 31st March 2013
I. INCOME			
a. Revenue from Operations		5,888.79	5,076.84
b. Other Income	"18"	85.33	95.15
		-----	-----
		5,974.12	5,171.99
II. EXPENSES			
a. Software and Development Expenses	"19"	855.34	720.00
b. Employee benefits expense	"20"	3,361.93	2,863.51
c. Operation and Other Expenses	"21"	538.51	514.64
d. Exchange Rate difference (net)		135.22	(22.53)
e. Interest - Others		0.27	0.03
f. Depreciation and amortization expense	"9"	107.85	93.00
		-----	-----
		4,999.12	4,168.65
Profit before Tax		-----	-----
		975.00	1,003.34
Tax expense			
Income Tax - Current (net of MAT credit entitlement)		370.36	273.96
Income Tax - Deferred Charge / (Credit)		(98.38)	(63.39)
		-----	-----
		271.98	210.57
Profit for the period		-----	-----
		703.02	792.77
		=====	=====
Earnings Per Share (in Rupees)	"25"		
Basic		2.34	2.67
Diluted		2.33	2.64
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 LLP
Chartered Accountants

For and on behalf of the Board

sd/-
R. D. Kamat
Partner.
Place: Mumbai
Date : April 29, 2014

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

sd/-
Dileep Choksi
(Director)

Hexaware Technologies Limited
Consolidated Cash Flow Statement for the period ended 31st March, 2014

(Rupees Million)

Particulars	For the quarter ended 31st March'14	For the quarter ended 31st March'13
A Cash Flow from operating activities		
Net Profit before tax	975.00	1,003.34
Adjustments for:		
Depreciation, amortization and Impairment	107.85	93.00
Employees share based payment cost	-	(0.46)
Interest Income	(30.96)	(36.23)
Provision for doubtful accounts (net)	(17.63)	31.07
Debts and advances written off	1.27	-
Dividend from current investments	(50.31)	(44.57)
Loss on sale / Diminution in value of Current Investments (Net)	-	0.12
Provision for Obsolete assets	-	7.04
Loss / (Profit) on sale of fixed assets (Net)	1.18	(2.51)
Deferred settlement loss relating to roll-over cash flow hedges	342.33	179.01
Exchange Rate Difference	124.06	18.90
Interest Expense	0.27	0.03
Operating profit before working capital changes	1,453.06	1,248.74
Adjustments for:		
Trade and other receivables	(458.41)	152.99
Trade and other payables	(57.62)	(38.73)
Cash generated from operations	937.03	1,363.00
Direct Taxes Paid (Net)	(387.15)	(167.34)
Net cash from operating activities	549.88	1,195.66
B Cash flow from investing activities		
Purchase of fixed assets	(131.98)	(99.76)
Proceeds from sale of fixed assets	0.04	2.74
Interest received (Net of tax Rs. 5.90 Million (Rs. 7.14 Million))	99.74	40.83
Purchase of Current Investments	(6,458.27)	(8,041.10)
Proceeds from Sale of Investments	7,342.52	7,917.52
Dividend from current investments	50.31	44.57
Net cash from / (used in) investing activities	902.36	(135.20)
C Cash flow from financing activities		
Proceeds from issue of share capital	12.02	24.26
Share Application money (adjusted) / received	(0.85)	2.84
Interest and other finance charges paid	(0.27)	(0.03)
Dividend paid (including corporate dividend tax)	(2,580.81)	(5.13)
Net cash (used in) / from financing activities	(2,569.91)	21.94
Net (Decrease) / Increase in cash and cash equivalents	(1,117.67)	1,082.40
Cash and cash equivalents at the beginning of the period	2,891.12	1,950.21
Cash and cash equivalents at the end of the period (Refer Note No. 1 below)	1,773.45	3,032.61

Notes:

1. Components of cash and cash equivalents comprise the following:
(Refer Note no. 15 of notes forming part of financial statements)

Cash and Bank Balances	1,939.73	2,382.88
Add: 'AAA' rated demand deposits with financial institutions	-	807.50
Less: Restricted Bank Balances	(199.74)	(176.52)
Cash and Cash Equivalents as per note no 15	1,739.99	3,013.86
Effect of changes in Exchange rate in cash and cash equivalents	33.46	18.75
Total Cash and Cash equivalents	1,773.45	3,032.61

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 LLP
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/-
Dileep Choksi
(Director)

Place: Mumbai
Date : April 29, 2014

Hexaware Technologies Limited

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 / 2013 as applicable in India. The Company is engaged in information technology consulting, software development and business process management. Hexaware provides multiple service offerings to its clients across various industries comprising travel, transportation, hospitality, logistics, banking, financial services, insurance, healthcare, manufacturing and services. The various service offerings comprise application development and management, enterprise package solutions, infrastructure management, business intelligence and analytics, business process, quality assurance and independent testing

These condensed consolidated interim financial statements have been prepared using the same basis / accounting policies as those used for the audited financial statements for the year ended on 31st December 2013. 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

Particulars	As at 31st March 2014	As at 31st December 2013
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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.	600.53	599.75
Total	----- 600.53 =====	----- 599.75 =====

c. Reconciliation of number of shares				
Particulars	Numbers	Amount	Numbers	Amount
Shares outstanding at the beginning of the year	299,875,947	599.75	296,544,791	593.09
Shares Issued during the period / year	391,000	0.78	3,331,156	6.66
Shares outstanding at the end of the period / year	----- 300,266,947 -----	600.53	----- 299,875,947 -----	599.75

d. Details of shares held by shareholders holding more than 5% shares				
Name of Shareholder	Nos. of Shares held	% of holding	Nos. of Shares held	% of holding
HT Global IT Solutions Holdings Ltd. (Holding Company) Parel Investment Holdings Limited (Subsidiary of Ultimate holding company "Baring Private Equity Asia GP V, LP")	164,410,799	54.75	164,323,724	54.80
JP Morgan Chase Bank, NA (Unregistered ADR is held by HT Global IT Solutions Holdings Ltd.)	27,288,327	9.09	27,288,327	9.10
	21,111,400	7.03	21,111,400	7.04

e. Shares allotted as fully paid up by way of bonus shares during five years preceding the period end
The Company allotted 145,545,781 equity shares as fully paid up bonus shares by utilisation of Securities premium account on 2nd March, 2011 pursuant to shareholder's resolution passed in Extra Ordinary General Meeting held on 15th February, 2011

f. Rights, preferences and restrictions attached to equity shares
The Company has one class of equity shares having a par value of Rs. 2 each. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all 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 share of Rs. 2 each. 2,409,525 (2,840,525) options were outstanding as on 31st March 2014.

h. Shares application money pending allotment
Share application money received pending allotment is Rs. 0.01 Million (Rs. 0.86 Million) as at 31st March, 2014, which pertains to 500 (44,000) shares. The Company has sufficient authorised capital to cover the allotment of these shares.

i. The Board of Directors, at its meeting held on 29th April, 2014 has declared an interim dividend of Rs. 3/- per equity share.

HEXAWARE TECHNOLOGIES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Rupees Million)

Particulars	As at 31st March 2014	AS AT 31st December 2013	
4 RESERVES AND SURPLUS			
a Securities Premium Account			
As per last Balance Sheet	4,654.45	4,578.74	
Add : Received during the period / year	11.24	72.02	
Add : Transfer from Employee Stock Option outstanding	-	3.69	
	4,665.69	4,654.45	
b Employee Stock Options Outstanding			
As per last Balance Sheet	-	4.41	
Less: Reversal on forfeiture / lapse of stock options granted	-	0.72	
Less : Transfer to Securities Premium Account on exercise of stock options	-	3.69	
	-	-	
c General Reserve			
As per last Balance Sheet	2,178.52	1,843.19	
Add : Transfer from Statement of Profit and Loss	-	335.33	
	2,178.52	2,178.52	
d Hedging Reserve			
As per last Balance Sheet	(1,239.41)	(760.51)	
Less: Losses transferred to statement of profit and loss on occurrence of forecasted hedge transaction (Net)	272.48	1,053.95	
Add /(Less): Changes in the fair value of the effective portion of outstanding cash flow hedges	305.20	(1,532.85)	
	(661.73)	(1,239.41)	
e Amalgamation Reserve	2.88	2.88	
f Special Economic Zone Re-investment Reserve			
As per last Balance Sheet	223.94	-	
Add : Transfer from Statement of Profit and Loss	218.51	223.94	
	442.45	223.94	
g Currency Translation Reserve			
As per last Balance Sheet	1,013.50	550.90	
Addition during the period / year (Net)	(120.25)	462.60	
	893.25	1,013.50	
h Balance in Statement of Profit and Loss			
As per last Balance Sheet	4,557.98	5,225.75	
Add : Profit for the period / year	703.02	3,791.35	
Add/ (Less): On closure of a Subsidiary	-	0.05	
Less : Appropriations			
Interim Dividend - Equity	900.80	3,030.77	
Proposed Dividend - Equity	-	300.27	
Tax on Dividend (After adjusting tax benefit on dividend distributed by a subsidiary)	99.17	568.86	
Transfer to General Reserve	-	335.33	
Transfer to Special Economic Zone Re-investment Reserve	218.51	223.94	
	1,218.48	4,459.17	
	4,042.52	4,557.98	
Total	11,563.58	11,391.86	

HEXAWARE TECHNOLOGIES LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Rupees Million)

PARTICULARS	As at 31st March 2014	AS AT 31st December 2013
5 DEFERRED TAX ASSETS / LIABILITIES		
a. Deferred Tax Assets:		
i. Provision for doubtful debts and advances	12.82	13.66
ii. Depreciation	8.95	8.43
iii. Employee Benefits	224.74	190.65
iv. Provision Others	13.24	13.78
v. Others	4.36	5.82
	264.11	232.34
Less: Deferred tax liability		
i. Depreciation	-	-
ii. Employee Benefits	2.64	5.02
	261.47	227.32
	=====	=====
b. Deferred Tax Liabilities:		
i. Depreciation	150.45	143.83
ii. Deferred Cancellation loss relating to roll-over of Cash flow hedges	161.80	226.86
	312.25	370.69
Less: Deferred Tax Asset		
i. Employee Benefits	54.38	54.84
ii. Provision Others	31.27	32.17
iii. Unabsorbed Tax losses	5.81	6.74
iv. Provision for doubtful debts and advances	1.59	1.40
	219.20	275.54
	=====	=====
6 OTHER LONG TERM LIABILITIES		
a. Capital Creditors	6.67	0.17
b. Liability for mark to market losses on derivative contracts (net)	4.03	9.00
	10.70	9.17
	=====	=====
7 OTHER CURRENT LIABILITIES		
a. Unearned Revenues	156.52	143.95
b. Unclaimed dividend *	79.64	54.82
c. Other Payables		
- Employee related liability	726.21	676.83
- Statutory liabilities	277.81	256.07
- Deposit received for Customer / Lessee	0.35	0.35
- Capital Creditors	96.82	113.51
- Liability for mark to market losses on derivative contracts (net)	-	43.80
- For Expenses	438.58	470.96
	1,775.93	1,760.29
	=====	=====
* 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 employee benefits	388.53	401.52
b. Proposed dividend	1,201.07	2,552.27
c. Tax on proposed dividend	204.12	433.76
d. Provision for taxation (net of advance tax)	34.44	36.32
e. Others (Refer note no. 27)	129.21	151.55
	1,957.37	3,575.42
	=====	=====

HEXAWARE TECHNOLOGIES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
9 - FIXED ASSETS

(Rupees Million)

SR. NO.	PARTICULARS	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
		As at 01.01.2014	Additions	Deductions/ Adjustment	As at 31.03.2014	As at 01.01.2014	For the Period	Deductions/ Adjustment	As at 31.03.2014	As at 31.03.2014	As at 31.12.2013
A	TANGIBLE ASSETS										
1	Land - Freehold	0.15	-	-	0.15	-	-	-	-	0.15	0.15
	Land - Leasehold (Refer Note No.1)	362.14	-	-	362.14	25.73	0.89	-	26.62	335.52	336.41
2	Building	2,228.15	4.86	-	2,233.01	142.24	8.96	-	151.20	2,081.81	2,085.91
3	Plant and Machinery	1,435.68	52.76	3.94	1,484.50	1,014.46	42.80	3.14	1,054.12	430.38	421.22
4	Office Equipments	763.74	16.04	5.54	774.24	405.16	27.62	3.78	429.00	345.24	358.58
5	Furniture and Fixtures	579.82	0.69	2.13	578.38	353.55	11.47	1.37	363.65	214.73	226.27
6	Improvements to Leasehold Premises	54.78	0.20	1.41	53.57	33.68	1.30	0.92	34.06	19.51	21.10
7	Vehicles	27.13	-	1.20	25.93	20.21	0.68	1.20	19.69	6.24	6.92
	Total - Tangible Assets	5,451.59	74.55	14.22	5,511.92	1,995.03	93.72	10.41	2,078.34	3,433.58	3,456.56
	<i>Previous year</i>	<i>4,797.85</i>	<i>866.79</i>	<i>213.05</i>	<i>5,451.59</i>	<i>1,861.31</i>	<i>329.74</i>	<i>196.02</i>	<i>1,995.03</i>	<i>3,456.56</i>	
B	INTANGIBLE ASSETS										
1	Softwares	282.79	1.76	1.03	283.52	191.66	14.13	0.59	205.20	78.32	91.13
2	Goodwill on Consolidation	1,602.69	-	48.94	1,553.75	-	-	-	-	1,553.75	1,602.69
	Total - Intangible Assets	1,885.48	1.76	49.97	1,837.27	191.66	14.13	0.59	205.20	1,632.07	1,693.82
	<i>Previous year</i>	<i>1,637.62</i>	<i>51.94</i>	<i>(195.92)</i>	<i>1,885.48</i>	<i>131.49</i>	<i>56.30</i>	<i>(3.87)</i>	<i>191.66</i>	<i>1,693.82</i>	
C	CAPITAL WORK IN PROGRESS									266.79	220.42
	(Mainly in respect of buildings under construction)										
	CURRENT PERIOD	7,337.07	76.31	64.19	7,349.19	2,186.69	107.85	11.00	2,283.54	5,332.44	5,370.80
	<i>PREVIOUS YEAR</i>	<i>6,435.47</i>	<i>918.73</i>	<i>17.13</i>	<i>7,337.07</i>	<i>1,992.80</i>	<i>386.04</i>	<i>192.15</i>	<i>2,186.69</i>	<i>5,370.80</i>	<i>-</i>

Notes:

1 Includes Rs. 90.00 Million and Rs. 5.80 Million (Previous Year Rs. 5.58 Million) being lease premium and accumulated amortisation in respect of leasehold land allotted to the Company at 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	48.94	-
TANGIBLE ASSETS		
Plant and Machinery	3.91	3.09
Office Equipment & AC	0.79	0.40
Furniture and Fixtures	2.13	1.24
Improvements to Leasehold Premises	1.41	0.92
Vehicles	0.05	0.05
Intangible Assets		
Computer Softwares	1.03	0.60
Current Period	58.26	6.30
<i>Previous year</i>	<i>211.37</i>	<i>27.70</i>

3 Plant and machinery includes Computer systems.

HEXAWARE TECHNOLOGIES LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Rupees Million)

Particulars	As at 31st March 2014	AS AT 31st December 2013
10 NON CURRENT INVESTMENTS		
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)		
a Capital Advances	11.09	11.26
b Security Deposits	110.57	83.04
c Advance Income Tax and Fringe benefit Tax (net of provision for tax)	346.32	219.80
d Mat Credit Entitlement	824.89	913.85
e Other Loans and advances	62.29	62.76
Total	<u>1,355.16</u>	<u>1,290.71</u>
	-----	-----
12 OTHER NON CURRENT ASSETS		
a Interest accrued on deposits	3.52	1.27
b Non current bank balances		
Restricted bank balances	199.74	175.44
Total	<u>203.26</u>	<u>176.71</u>
	-----	-----
13 CURRENT INVESTMENTS		
Non Trade Investments (Unquoted)		
(At cost or fair value whichever is lower)		
Investments in mutual funds	2,493.80	3,378.06
Total	<u>2,493.80</u>	<u>3,378.06</u>
	-----	-----

HEXAWARE TECHNOLOGIES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Rupees Million)

Particulars	As at 31st March 2014	AS AT 31st December 2013
14 TRADE RECEIVABLES (UNSECURED)		
a) Over six months from the due date		
Considered good	2.05	6.11
Considered doubtful	44.55	49.36
	46.60	55.47
Less: Provision for doubtful accounts	44.55	49.36
	2.05	6.11
b) Others		
Considered good	3,086.55	3,229.67
Unsecured Considered good		
Considered doubtful	6.24	19.35
	3,092.79	3,249.02
Less: Provision for doubtful accounts	6.24	19.35
	3,086.55	3,229.67
Total	3,088.60	3,235.78
15 CASH AND CASH EQUIVALENTS		
a) Cash in Hand	0.01	0.01
b) Balances with Banks		
In Current Accounts	985.17	1,225.65
Remittance in Transit	10.81	-
Bank deposit Accounts with less than 3 months original maturity	386.50	367.36
	1,382.48	1,593.01
c) Other Bank Balances:		
Earmarked balances with banks	99.32	99.46
Unclaimed Dividend Account	80.00	55.18
Margin money	20.42	20.80
Bank deposit Accounts with more than 12 months original maturity	248.50	248.50
Bank deposit Accounts with more than 3 months and less than 12 months maturity	109.00	869.00
	557.24	1,292.94
Cash and Bank Balances	1,939.73	2,885.96
d) 'AAA' rated demand deposits with financial institutions	-	300.00
e) Bank balances reclassified as Non current Assets		
Restricted bank balances	(199.74)	(175.44)
	(199.74)	(175.44)
Total	1,739.99	3,010.52
16 SHORT TERM LOANS AND ADVANCES (UNSECURED)		
a) Considered good		
i. Security Deposits	22.34	27.08
ii. Advance Income Tax (net of provision for tax)	33.33	50.56
iii. Other Loans and advances (includes service tax receivable, prepaid expenses and employee advances)	497.87	405.79
	553.54	483.43
b) Considered doubtful		
Security Deposits	34.71	35.98
Less : Provision for doubtful deposits	(34.71)	(35.98)
	-	-
	553.54	483.43
17 OTHER CURRENT ASSETS		
Interest accrued on deposits	29.08	106.01
Unbilled services	1,391.90	1,027.81
Receivable on account of mark to market gains on derivative contracts (net)	387.07	-
Total	1,808.05	1,133.82

HEXAWARE TECHNOLOGIES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Rupees Million)

Particulars	For the quarter ended 31st March 2014	For the quarter ended 31st March 2013
18 OTHER INCOME		
Dividend from current investments	50.31	44.57
(Loss)/Profit on Sale / diminution in value of Current Investments (Net)	-	(0.12)
Interest income	30.96	36.23
Profit on Sale of Fixed Assets (Net)	(1.18)	2.51
Miscellaneous income	5.24	11.96
Total	85.33	95.15
19 SOFTWARE AND DEVELOPMENT EXPENSES		
Consultant travel and related expenses	275.46	228.42
Software expenses *	579.88	491.58
Total	855.34	720.00
* Includes subcontracting charges	479.56	431.88
20 EMPLOYEE BENEFITS EXPENSE		
Salary and other allowances	2,953.08	2,532.43
Contribution to provident and other funds	345.01	277.03
Staff welfare expenses	63.84	54.51
Employee stock option compensation cost	-	(0.46)
Total	3,361.93	2,863.51
21 OPERATIONS AND OTHER EXPENSES		
Rent	60.59	51.68
Rates and taxes	13.41	7.75
Travelling and conveyance expenses	161.54	157.78
Electricity charges	35.54	41.27
Communication expenses	46.92	43.74
Repairs and maintenance	41.04	32.67
Printing and stationery	5.07	5.14
Auditors remuneration	7.21	5.28
Legal and professional fees	44.85	27.81
Advertisement and publicity	7.88	5.61
Seminar, Conference and business promotion expenses	29.47	18.33
Bank and other charges	2.06	2.44
Directors' sitting fees	0.24	0.40
Insurance charges	12.90	10.77
Donation	-	0.13
Provision for obsolete assets	-	7.04
Debts and advances written off (Net of Recoveries) *	1.27	-
Provision for doubtful accounts (Net of write back) **	(17.63)	31.07
Staff recruitment expenses	19.81	10.10
Service charges	43.56	28.55
Miscellaneous expenses	22.78	27.08
Note : Miscellaneous Expenses includes Stamp Duty & Filing fees, Hiring charges, Registrar and Share Transfer expenses, Membership and Subscription, etc.		
Total	538.51	514.64
* Net of recoveries	-	-
** Net of write backs	19.08	12.83

Hexaware Technologies Limited

22. Contingent Liabilities in respect of

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

Where Company is in appeal

Income tax demands of Rs 112.39 million have been raised in respect of assessments completed in previous year, 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.

In case of a Subsidiary company Income tax demands disputed in appeal on account of certain disallowances/ disputes relating to determination of taxable income and pending decision of Rs. 10.27 million. (31st December 2013 Rs. 3.23 million) The Company is hopeful of getting a favourable decision.

Others :

In earlier year, the CIT (A) had passed an order in favour of the Company against demand of Rs 23.79 million raised by the Assessing Officer for AY 2008-09, which had arisen mainly due to disallowance of foreign exchange loss as business expenses. Against this, the income tax department has filed an appeal with ITAT and the matter is in process.

23. 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.

24. Related party disclosures

Names of related parties and description of relationship:

Ultimate Holding Company and its subsidiary

Baring private Equity Asia GP V. LP, Cayman Island

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

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

Parel Investment Holdings Limited, Mauritius

Holding Company

HT Global IT Solutions Holdings Limited, Mauritius

Key Management Personnel

Mr. Atul K. Nishar – Non Executive Chairman (KMP upto 11th October 2013)

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

Dr. (Mrs) Alka A Nishar – Director (upto 1st April 2013)

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

Mr. Ramanan Seshadri - Whole Time Director (Hexaware Technologies UK Ltd) (upto 30th November 2013)

Mr. Amrinder Singh - Whole Time Director (Hexaware Technologies UK Ltd) (w.e.f. 2nd December 2013)

Mr. R U Srinivas – Chief Executive Director (Caliber Point Business Solutions Ltd) (upto 15th August 2013)

Hexaware Technologies Limited

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

Mr. Chinmoy Banerjee - Chief Executive Officer (Caliber Point Business Solutions Ltd) (w.e.f. 1st August, 2013)

Others

Ms. Kala Ramanan – Relative of Key Management Personnel – w.e.f. 16th May 2013

Transaction with related party

Particulars	Remuneration (Rupees Million)	Units/Options including restricted Stock units Outsanding
	-	-
Mr. Atul K. Nishar	(3.26)	(-)
	19.04	-
Mr. P R Chandrasekar	(19.72)	(-)
	2.89	125,000
Mr. R V Ramanan	(12.63)	(125,000)
	-	-
Mr. R U Srinivas	(2.95)	(-)
	8.76	25,000
Mr. Rajiv Pant	(7.46)	(37,500)
	-	124,000
Mr. Ramanan Sheshadri	(3.66)	(124,000)
	5.66	-
Mr. Chinmoy Banarjee	(-)	(-)
	4.79	-
Mr. Amrinder Singh	(-)	(-)
	Guest House Rent (Rupees Million)	
	0.28	-
Ms. Kala Ramanan	(-)	(-)

Remuneration is for the quarter ended 31st March 2014 and 2013 and Options outstanding are as at 31st March 2014 and 31st December 2013.

Hexaware Technologies Limited

25. Earnings per Share (EPS)

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

Particulars	For the Quarter Ended	
	31st March	
	2014	2013
Net profit after tax (Rupees. Million)	703.02	792.77
Weighted average outstanding equity shares considered for basic EPS (Nos.)	300,058,414	296,785,093
Basic Earnings per share : (In Rupees)	2.34	2.67
Weighted average outstanding equity shares considered for basic EPS (Nos.)	300,058,414	296,785,093
Add : Effect of dilutive issue of stock options (including share application money received on exercise of options) (Nos.)	1,645,888	3,757,928
Weighted average outstanding equity shares considered for diluted EPS (Nos.)	301,704,302	300,543,021
Diluted Earnings per share : (In Rupees)	2.33	2.64

26. Derivative Instruments:

- (i) Forward exchange contracts to Sell US Dollar 143.92 Million and Euro 7.41 Million are outstanding as of March 31, 2014. (December 31, 2013 US Dollar 174.76 Million and Euro 9.33 Million).
- (ii) Fair value net gain of the derivative instruments identified as cash flow hedges is Rs. 383.04 million as at March 31, 2014. (December 31, 2013 Net loss of Rs. 52.80 million)
- (iii) Net loss of Rs. 661.73 million recognised in Hedging Reserve as of March 31, 2014 is expected to be classified to statement of profit and loss over two years.

27. "Provision Others" includes provisions towards expenditure relating employee benefit obligations on contract acquisition and provision for loss on contract executions (also in respect of travel expense in previous year), the outflow for which is expected in the next twelve months

Particulars	(Rupees Million)	
	Quarter Ended	Year Ended
	31st March ,2014	31st December 2013
Provision at the beginning of the years	151.55	197.31
Provision made during the period / year	-	46.04
Paid / Adjusted during the period /year	(22.34)	(91.80)
Provision at the end of the period /year	129.21	151.55

Hexaware Technologies Limited

28. Segments:

(Rupees 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	1,102.03	1,985.36	868.36	1,149.39	783.65	5,888.79
	(944.88)	(1,691.82)	(775.93)	(971.77)	(692.44)	(5,076.84)
Segment Results	236.43	256.27	176.77	317.59	145.95	1,133.01
	(186.13)	(266.03)	(149.11)	(266.20)	(111.22)	(978.69)
Less: Unallocable expenses						243.07
						(70.47)
Add: Other Income						85.33
						(95.15)
Less: Interest						0.27
						(0.03)
Profit before tax						975.00
						(1,003.34)
Less: Tax expense						271.98
						(210.57)
Profit after tax						703.02
						(792.77)

(Rupees Million)

Secondary Segment – Geographic Segment	North America	Europe	India	Rest of the World	Total
Revenue attributable to location of customers	3,790.56	1,635.62	149.23	313.38	5,888.79
	(3,395.70)	(1,326.04)	(101.40)	(253.70)	(5,076.84)
Segment assets based on their locations	3,037.54	766.18	6,377.56	169.70	10,350.98
	(3,425.14)	(662.22)	(5,602.99)	(161.52)	(9,851.87)
Additions to fixed assets (including capital work in progress)	2.40	0.81	111.27	8.20	122.68
	(9.23)	(0.12)	(21.55)	(0.05)	(30.95)
Goodwill	1,416.90	136.85	-	-	1,553.75
	(1,461.53)	(141.16)	(-)	(-)	(1,602.69)

Notes:

- 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.
- Revenues and expenses directly attributable to segments are reported under each reportable business segment. Common expenses which are not directly identifiable to each reporting segment have been allocated to each reporting segment on the basis of associated revenues of the segment. All other expenses which are not attributable or allocable to segments have been disclosed as unallocable expenses.
- 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.

Hexaware Technologies Limited

d) Reported transactions are for the quarter ended 31st March 2014 and balances are as 31st December 2013. Previous period / year are given in brackets.

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

For and on behalf of the board

Sd/-

R. V. Ramanan
(Executive Director and President
Global Delivery)

Sd/-

Dileep Choksi
(Director)

Place : Mumbai

Date : 29th April, 2014
