

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

Report on the Condensed Financial Statements

1. We have audited the accompanying condensed financial statements of **HEXAWARE TECHNOLOGIES LIMITED** ("the Company"), which comprise the Condensed Balance Sheet as at March 31, 2012, the Condensed Statement of Profit and Loss and the Condensed Cash Flow Statement for the quarter ended March 31, 2012 and the Selected Explanatory Notes. The Company's Management is responsible for the preparation of these condensed financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with Accounting Standard 25 (Interim Financial Reporting), as notified by the Companies (Accounting Standards) Rules, 2006 ("AS 25") and other accounting principles generally accepted in India. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

(a) in the case of the Condensed Balance Sheet, of the state of affairs of the Company as at March 31, 2012;

(b) in the case of the Condensed Statement of Profit and Loss, of the profit of the Company for the quarter ended on that date, and

(c) in the case of the Condensed Cash Flow Statement, of the cash flows of the Company for the quarter ended on that date.

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

R. D. Kamat
Partner
Membership No. 36822

MUMBAI, April 27, 2012

HEXAWARE TECHNOLOGIES LIMITED

CONDENSED BALANCE SHEET AS AT 31ST MARCH, 2012

(Rupees in Million)

Particulars	Schedule No.	As at 31st March, 2012	As at 31st December, 2011
SOURCES OF FUNDS			
Share Holders' Funds :			
a) Share Capital	"1"	590.67	586.72
b) Share Application Money		2.03	-
c) Reserves and Surplus	"2"	8,672.35	7,998.70
Deferred Tax Liability (Refer Note No. 3 of Schedule 12)		22.94	-
Total		9,287.99	8,585.42
APPLICATION OF FUNDS			
Fixed Assets :			
a) Gross Block	"3"	3,661.01	3,366.16
b) Less: Depreciation and amortization		1,297.94	1,241.65
c) Net Block		2,363.07	2,124.51
d) Capital Work-in-Progress		653.25	813.38
		3,016.32	2,937.89
Investments :	"4"	2,939.63	2,298.44
Current Assets, Loans and Advances :			
a) Sundry Debtors	"5"	2,016.15	1,964.29
b) Cash and Bank Balances		3,227.79	3,510.47
c) Loans and Advances		1,459.34	1,431.14
d) Other Current Assets		260.85	257.83
		6,964.13	7,163.73
Less :			
Current Liabilities and Provisions :			
a) Current Liabilities	"6"	2,076.89	2,737.41
b) Provisions		1,555.20	1,077.23
		3,632.09	3,814.64
Net Current Assets		3,332.04	3,349.09
Total		9,287.99	8,585.42
Significant Accounting Policies and Notes Forming Part of Accounts	"12"		

Schedules 1 to 12 form an integral part of the accounts

In terms of our attached report of even date

For Deloitte Haskins & Sells,
Chartered Accountants

For and on behalf of the Board

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

Sd/-
Shailesh Haribhakti
(Director)

R. D. Kamat
Partner

Sd/-
Prateek Aggarwal
(Chief Financial Officer)

Place : Mumbai
Date : 27th April, 2012

HEXWARE TECHNOLOGIES LIMITED
CONDENSED PROFIT AND LOSS ACCOUNT FOR THE QUARTER ENDED 31ST MARCH, 2012

(Rupees in Million)

Particulars	Schedule No.	For The Quarter Ended 31st March, 2012	For The Quarter Ended 31st March, 2011
INCOME			
Software and Consultancy		2,129.63	1,428.85
Other Income	"7"	161.26	93.05
		2,290.89	1,521.90
EXPENDITURE			
Software and Development Expenses	"8"	120.55	182.49
Employment Expenses	"9"	994.03	727.09
Administration and Other Expenses	"10"	198.77	188.02
Exchange Rate difference (net)		(26.42)	(88.03)
Interest	"11"	0.01	0.62
Depreciation and amortization		57.77	47.00
		1,344.71	1,057.19
Profit Before Tax		946.18	464.71
Less : Provision For Taxation			
Income Tax-Current		176.59	59.96
MAT Credit Entitlement		(83.83)	(53.87)
Deferred Tax		22.94	-
		115.70	6.09
Profit After Tax		830.48	458.62
Add : Balance brought forward from Previous Year		3,129.17	2,471.69
Balance Available For Appropriation		3,959.65	2,930.31
Appropriations :			
Interim Dividend - Equity		443.00	-
Corporate Dividend Tax		71.87	-
		514.87	-
Balance Carried To Balance Sheet		3,444.78	2,930.31
Earnings Per Share (in Rupees) (Refer Note No. 5 of Schedule 12)			
Basic		2.83	1.58
Diluted		2.77	1.54

Significant Accounting Policies and Notes Forming Part of Accounts

"12"

Schedules 1 to 12 form an integral part of the accounts

In terms of our attached report of even date

For Deloitte Haskins & Sells,
Chartered Accountants

For and on behalf of the Board

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

Sd/-
Shailesh Haribhakti
(Director)

R. D. Kamat
Partner

Sd/-
Prateek Aggarwal
(Chief Financial Officer)

Place : Mumbai
Date : 27th April, 2012

HEXAWARE TECHNOLOGIES LIMITED
CASH FLOW STATEMENT FOR THE QUARTER ENDED 31ST MARCH, 2012
(Rupees in Million)

	For the Quarter ended 31st March, 2012	For the Quarter ended 31st March, 2011
A Cash flow from operating activities		
Net Profit before tax and after exceptional items	946.18	464.71
Adjustments for :		
Depreciation and amortization	57.77	47.00
Employees share based payment cost	0.48	1.00
Dividend from current investments	(8.51)	(10.85)
Interest income	(87.48)	(68.77)
Provision for doubtful accounts (net)	(4.27)	22.17
Loss / (Profit) on sale of investments (net)	0.00	0.05
Dividend from subsidiary company	(46.67)	-
Bad Debts written off / (Recovered)	2.05	0.03
Deferred cancellation (loss) / gain relating to roll-over cash flow hedges	(49.55)	1.09
Profit on sale of fixed assets (net)	(0.17)	-
Interest expense	0.01	0.62
Exchange rate difference	0.19	(0.18)
Operating Profit before working capital changes	810.03	456.87
Adjustments for :		
Trade and other receivables	16.03	(409.48)
Trade and other payables	(238.23)	145.23
Cash generated from operations	587.83	192.62
Direct taxes paid	(164.20)	(75.18)
Net cash from operating activities	423.63	117.44
B Cash flow from investing activities		
Purchase of fixed assets	(209.58)	(170.39)
Proceeds from reduction of trade investment	64.23	-
Purchase of other investments	(3,819.17)	(5,774.62)
Interest received (net of tax Rs. 17.17 million (Rs. 13.71 million))	71.07	119.41
Proceeds from sale / redemption of investments	3,113.75	3,873.61
Dividend from subsidiary company (net of tax Rs. 9.33 million (Rs. Nil))	37.34	-
Dividend from current investments	8.51	10.85
Proceeds from sale of fixed assets	0.19	0.03
Net cash used in investing activities	(733.66)	(1,941.11)
C Cash flow from financing activities		
Proceeds from issue of shares	25.99	6.94
Share application money adjusted	2.03	1.49
Interest paid	(0.01)	(0.62)
Dividend paid (including corporate dividend tax)	(0.42)	(167.65)
Proceeds from loan (short term)	-	557.44
Net cash used in financing activities	27.59	397.60
Net Decrease in cash and cash equivalents	(282.44)	(1,426.07)
Cash and cash equivalents at the beginning of the year	3,392.68	3,660.61
Cash and cash equivalents at the end of the year (Refer Note No. 1 below)	3,110.24	2,234.54

Notes:

- Components of cash and cash equivalents comprise the following :

Cash and Bank Balances (Refer Schedule 5 of the Balance Sheet)	3,227.79	2,237.32
Less : Unrealised gain/(loss) on foreign currency cash and cash equivalents	1.29	(0.13)
Less : Fixed Deposits under lien with Banks	116.26	2.91

Total Cash and Cash equivalents
3,110.24 **2,234.54**

- Purchase of Fixed Assets (including movements in Capital work in progress) are considered as a part of investing activities.
- The Previous period's figures have been regrouped wherever necessary.

Schedules 1 to 12 form an integral part of the accounts

In terms of our attached report of even date

For Deloitte Haskins & Sells,
Chartered Accountants

For and on behalf of the Board

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

Sd/-
Shailesh Haribhakti
(Director)

R. D. Kamat
Partner

Sd/-
Prateek Aggarwal
(Chief Financial Officer)

Place : Mumbai
Date : 27th April, 2012

HEXAWARE TECHNOLOGIES LIMITED
SCHEDULES TO BALANCE SHEET

(Rupees in Million)

Particulars	As at 31st March, 2012	As at 31st December, 2011
SCHEDULE "1" - SHARE CAPITAL		
Authorised		
325,000,000 (325,000,000) Equity Shares of Rs. 2/- each	650.00	650.00
1,100,000 Series "A" Preference Shares Of Rs. 1421/- each * *(See Note No. II below)	1,563.10	1,563.10
	----- 2,213.10 =====	----- 2,213.10 =====
Issued, Subscribed and Paid-up Capital		
Equity :		
295,333,502 (293,358,428) Equity Shares of Rs. 2/- each Fully Paid.	590.67	586.72
Notes :		
I) Of the above Equity Shares :-		
1) 11,134,625 Equity Shares of Rs. 2/- each have been allotted as fully paid up without receiving consideration in cash in accordance with the Composite scheme of Reconstruction and Arrangement.		
2) 181,734,651 Equity Shares of Rs. 2/- each have been allotted as fully paid up by way of Bonus Share by capitalisation of General Reserve / Securities Premium Account.		
3) 10,452,965 Equity Shares of Rs. 2/- each fully paid up have been allotted against Global Depository receipts issued by the Company.		
4) 50,000,000 Equity Shares of Rs.2/- each fully paid up issued to the shareholders of erstwhile Hexaware Technologies Limited ("HTL") without receiving consideration in cash in accordance with the Composite scheme of Reconstruction and Arrangement.		
5) 3,863,060 Equity Shares of Rs.2/- each fully paid up have been allotted to employees under ESOP 1999.		
6) 9,108,802 (8,938,928) Equity Shares of Rs.2/- each fully paid up have been allotted to employees under ESOP 2002.		
7) 10,555,700 Equity Shares of Rs.2/- each fully paid up have been allotted against unregistered American Depository Receipts (ADR) issued by the Company on conversion of Series "A" Redeemable and/or optionally convertible Preference Shares at a premium of Rs. 140.10 each as per the terms of issue.		
8) 4,981,950 (3,194,034) Equity Shares of Rs.2/- each fully paid up have been allotted to employees under ESOP 2007.		
9) 216,959 (199,675) Equity Shares of Rs.2/- each fully paid up have been allotted to employees under ESOP 2008.		
II) 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	----- 590.67 =====	----- 586.72 =====

HEXAWARE TECHNOLOGIES LIMITED

SCHEDULES TO BALANCE SHEET

(Rupees in Million)

Particulars	As at 31st March, 2012	As at 31st December, 2011
SCHEDULE "2" - RESERVES AND SURPLUS		
Securities Premium Account		
As Per Last Balance Sheet	4,521.83	4,773.61
Add : Received during the year	22.04	33.17
Add : Transfer from Employee Stock Option outstanding	3.03	6.14
Less : Transferred to Share Capital Account consequent to issue of bonus shares	-	291.09
	4,546.90	4,521.83
Employee Stock Options Outstanding		
Balance at the beginning of the year:	8.32	15.79
Add: Options granted during the year	-	-
Less: Reversal on forfeiture of stock options granted	-	1.33
Less : Transferred to Securities Premium Account	3.03	6.14
	5.29	8.32
Less : Deferred Employee Compensation Expense	0.96	1.44
	4.33	6.88
General Reserve		
As Per Last Balance Sheet	1,242.87	942.87
Add : Transferred from Profit and Loss Account	-	300.00
	1,242.87	1,242.87
Amalgamation Reserve		
As Per Last Balance Sheet	2.88	2.88
Hedging Reserve (Refer Note No. 6 of Schedule 12)	(569.41)	(904.93)
Surplus in Profit and Loss Account	3,444.78	3,129.17
Total	8,672.35	7,998.70

HEXWARE TECHNOLOGIES LIMITED
SCHEDULES TO BALANCE SHEET

SCHEDULE "3" - FIXED ASSETS

(Rs.Million)

Sr. No.	Particulars	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
		As at 01.01.2012	Additions	Deductions / Adjustments	As at 31.03.2012	As at 01.01.2012	For The period	Deductions / Adjustments	As at 31.03.2012	As at 31.03.2012	As at 31.12.2011
	<u>Tangible Assets</u>										
1	Land - Freehold	0.15	-	-	0.15	-	-	-	-	0.15	0.15
2	Land - Leasehold (Refer Note No.1 below)	330.44	-	-	330.44	17.08	0.85	-	17.93	312.51	313.36
3	Building (Refer Note No.2 below)	1,246.61	121.40	-	1,368.01	59.49	5.29	-	64.78	1,303.23	1,187.12
4	Plant & Machinery (Includes Computer Systems)	1,303.07	123.40	1.43	1,425.04	840.47	37.21	1.41	876.27	548.77	462.60
5	Furniture & Fixtures	344.79	38.09	(1.74)	384.62	226.00	8.20	(1.74)	235.94	148.68	118.79
6	Vehicles	28.60	-	-	28.60	26.37	0.17	-	26.54	2.06	2.23
7	Improvement to Leased Premises	2.67	-	2.67	-	2.67	-	2.67	-	-	-
	<u>Intangible Assets</u>										
1	Software	109.83	13.46	(0.86)	124.15	69.57	6.05	(0.86)	76.48	47.67	40.26
	Current period	3,366.16	296.35	1.50	3,661.01	1,241.65	57.77	1.48	1,297.94	2,363.07	2,124.51
	Previous Year	2,597.09	860.76	91.69	3,366.16	1,142.85	188.97	90.17	1,241.65	2,124.51	
	Capital Work In Progress (In respect of building under construction and includes capital advances Rs. 12.64 million (Rs. 14.71 million).									653.25	813.38
										3,016.32	2,937.89

Notes:

- Includes Rs. 285.32 million and Rs. 15.60 million (Previous Year Rs. 14.10 million) being lease premium and accumulated amortization in respect of leasehold land allotted to the Company at Pune and Nagpur for which final lease agreement is being executed.
- Includes one building having gross block of Rs. 164.01 million and accumulated depreciation of Rs.29.48 million (Previous year Rs. 28.82 million), which the Company acquired along with land from MIDC, at Navi Mumbai, entered in to necessary agreements and took possession of the building in an earlier year. The final agreement is being executed.

HEXAWARE TECHNOLOGIES LIMITED
SCHEDULES TO BALANCE SHEET

(Rupees in Million)

Particulars	As at	As at
	31st March, 2012	31st December, 2011

SCHEDULE "4" - INVESTMENTS

A) Long Term :

(i) Investment In Subsidiaries (unquoted) (at cost)

30,026 (30,026) common stock at no par value in Hexaware Technologies Inc., U.S.A.	1,632.68	1,632.68
2,167,000 (3,067,000) shares of 1 GBP each fully paid up in Hexaware Technologies UK Ltd.	154.64	218.87
5,00,000 (5,00,000) shares of singapore \$ 1/- each fully paid up in Hexaware Technologies Asia - Pacific Pte. Ltd., Singapore	12.48	12.48
3,618 (3,618) shares of face value 50 euro each fully paid up in Hexaware Technologies GmbH., Germany	7.57	7.57
1 (1) common stock at no par value in Hexaware Technologies Canada Limited, Canada	0.73	0.73
11,780,000 (11,780,000) shares of Rs. 10/- each fully paid up in Caliber Point Business Solutions Limited	158.92	158.92
1,000,000 (1,000,000) shares of Rs. 10/- each fully paid up in Risk Technology International Limited	8.50	8.50
1 (1) participation share of no par value in Hexaware Technologies (Mexico) S De R.L. De C.V.	29.42	29.42
50,000 (50,000) shares of Rs. 10/- each fully paid up in Rampran Infotech Limited	0.50	0.50
	2,005.44	2,069.67

B) Current Investments

Non Trade Investments (Unquoted)

Investment in Mutual Funds (At cost or fair value, whichever is lower)
(Unit of Rs. 10/- each, unless otherwise stated).

Name of Mutual Fund Scheme	Units	Cost	Units	Cost
Birla Sun Life floating Rate Fund - STP - IP- Daily Dividend Reinvestmnet	4485427	448.63		
Birla Sun Life Short Term FMP Series 29 Dividend Payout	10000000	100.00		
ICICI Prudential Banking and PSU debt fund premium plus daily dividend	29835087	300.48		
IDFC Ultra Short Term Fund Daily Dividend	8496821	85.08		
DWS Ultra Short Term Fund - Institutional Daily Dividend Reinvest			10075460	100.94
Reliance Liquid Fund - Treasury Plan - Institutional Option - Daily Dividend			3284688	50.21
Tata Money Market Fund Institutional Plan - Daily Dividend			2504343	25.08
UTI Money Market Fund-Institutional Daily Dividend Reinvest (Face value Rs.1000/-)			52367	52.54
		934.19		228.77
Total		2,939.63		2,298.44

(i) Aggregate cost of quoted investments.	-	-
Aggregate market value of quoted investments.	-	-
(ii) Aggregate value of unquoted investments.	2,939.63	2,298.44
	2,939.63	2,298.44

HEXAWARE TECHNOLOGIES LIMITED
SCHEDULES TO BALANCE SHEET

(Rupees in Million)

Particulars	As at 31st March, 2012	As at 31st December, 2011
SCHEDULE "5" - CURRENT ASSETS, LOANS AND ADVANCES		
Current Assets		
Sundry Debtors (Unsecured)		
Debts outstanding for a period exceeding six months	11.55	2.76
Other debts	2,006.52	1,964.74
	2,018.07	1,967.50
Less: Provision for doubtful accounts	1.92	3.21
	2,016.15	1,964.29
Sundry Debtors		
Considered good	2,016.15	1,964.29
Considered doubtful	1.92	3.21
	2,018.07	1,967.50
Cash and Bank Balances		
Cash in Hand	0.01	-
Remittance in Transit	6.80	-
(i) Bank Balances with Scheduled Banks		
In Fixed Deposit Accounts	3,094.66	3,378.00
(Includes deposits of Rs. 116.26 million (Rs. 116.31 million) under lien with banks for guarantees given by bank to various government authorities / for financial assistance)		
In Exchange Earner's Foreign Currency Account	3.16	2.17
In Current Accounts	96.50	95.72
(ii) Bank Balances with others		
In Current Accounts - in Foreign Currency	21.21	23.68
In Fixed Deposit Accounts - in Foreign Currency	5.45	10.90
	3,227.79	3,510.47
Loans and Advances (Unsecured)		
Loans and Advances to subsidiaries	271.65	341.10
Advances recoverable in cash or in kind or for value to be received	297.99	297.23
Deposits	168.31	172.04
Advance Income Tax (net of provision for tax)	141.55	127.76
Advance Fringe Benefit Tax (net of provision for tax)	4.36	4.36
Mat Credit Entitlement	610.49	526.66
	1,494.35	1,469.15
Less : Provision for doubtful deposits / advances	35.01	38.01
	1,459.34	1,431.14
Loans and Advances		
Considered good	1,459.34	1,431.14
Considered doubtful	35.01	38.01
	1,494.35	1,469.15
Other Current Assets		
Unbilled services	113.94	110.16
Interest accrued on deposits	146.91	147.67
	260.85	257.83
Total	6,964.13	7,163.73

HEXAWARE TECHNOLOGIES LIMITED

SCHEDULES TO BALANCE SHEET

(Rupees in Million)

Particulars	As at	
	31st March, 2012	31st December, 2011
SCHEDULE "6" - CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Sundry Creditors		
i) Total dues to micro enterprises and small enterprises	-	-
ii) Total dues to Creditors other than micro enterprises and small enterprises	213.50	323.17
Due to Subsidiaries	1,039.36	1,073.53
Deposit received for Leased Premises	28.32	28.32
Unearned Revenues	22.01	43.60
Unclaimed Dividend *	28.46	28.89
Other Liabilities	422.97	441.35
Liability for derivative contracts	322.27	798.55
	2,076.89	2,737.41
Provisions		
Provision for compensated absences	131.81	130.63
Provision for gratuity	104.85	97.70
Proposed dividend	883.04	440.04
Corporate dividend tax	143.26	71.39
Provisions others (Refer Note No. 7 of Schedule 12)	234.57	279.46
Provision for taxation (net of advance tax)	57.67	58.01
	1,555.20	1,077.23
Total	3,632.09	3,814.64

* This figure does not include any amount due and outstanding to be credited to Investor Education and Protection Fund.

HEXAWARE TECHNOLOGIES LIMITED
SCHEDULES TO PROFIT AND LOSS ACCOUNT

(Rupees in Million)

Particulars	For The Quarter Ended 31st March, 2012	For The Quarter Ended 31st March, 2011
SCHEDULE "7" - OTHER INCOME		
Dividend from current investments	8.51	10.85
Loss on sale of current investments (net)	-	(0.05)
Interest income (tax deducted at source Rs. 8.64 million (Rs. 6.90 million)) (includes Interest on bank fixed deposits Rs. 85.82 million (Rs. 68.64 million))	87.48	68.77
Profit on Sale of Assets (net)	0.17	-
Bad Debts Recovered	-	0.03
Rental income	17.30	11.69
Dividend from subsidiary company	46.67	-
Miscellaneous income	1.13	1.76
Total	<u>161.26</u>	<u>93.05</u>
SCHEDULE "8" - SOFTWARE AND DEVELOPMENT EXPENSES		
Consultant travel and related expenses	45.33	51.82
Software expenses (net of writeback Rs. 27.78 million (Rs. Nil)) (includes subcontracting charges Rs. 9.98 million (Rs. 64.75 million))	75.22	130.67
Total	<u>120.55</u>	<u>182.49</u>
SCHEDULE "9" - EMPLOYMENT EXPENSES		
Salary and other allowances	913.67	668.88
Contribution to provident and other funds	51.02	41.33
Staff welfare expenses	29.34	16.88
Total	<u>994.03</u>	<u>727.09</u>
SCHEDULE "10" - ADMINISTRATION AND OTHER EXPENSES		
Rent	24.33	32.89
Rates and taxes	3.41	1.88
Travelling and conveyance expenses	46.58	24.93
Electricity charges	29.59	19.92
Communication expenses	14.95	14.91
Repairs and maintenance	19.33	15.81
Printing and stationery	3.98	4.58
Auditors remuneration	2.82	1.80
Legal and professional fees	13.13	17.73
Seminar, conference and business promotion	6.96	4.86
Bank charges	1.00	0.51
Directors' sitting fees	0.32	0.88
Insurance premium	4.41	1.99
Donation	-	-
Bad debts / advances written off (net of write back Rs. 0.07 million (Rs. Nil))	2.05	-
Provision for doubtful accounts (net of write back Rs. 5.14 million (Rs. 4.39 million))	(4.27)	22.17
Staff recruitment expenses	10.19	5.79
Service charges	17.50	14.11
Miscellaneous expenses	2.49	3.26
Note : Miscellaneous expenses includes Stamp duty and filing fees, Registrar and share transfer expenses, Membership and subscription, Customs Duty, Brokerage, Carriage and Forwarding, Board meeting expenses and AGM expenses, Advertisement and Publicity etc.		
Total	<u>198.77</u>	<u>188.02</u>
SCHEDULE "11" - INTEREST		
Others (including working capital loan)	0.01	0.62
Total	<u>0.01</u>	<u>0.62</u>

Hexaware Technologies Limited

Period from January 1, 2012 to March 31, 2012

Schedule 12 - Explanatory Notes to the Condensed financial statements

1. Background

Hexaware Technologies Limited ("Hexaware or the Company") is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company is engaged in information technology consulting, software development and business process outsourcing. Hexaware provides multiple service offerings to its clients across various industries comprising airlines and transport, banking, financial services, insurance and manufacturing sector mainly in enterprise resource planning solutions. The various service offerings comprise application development and management, enterprise package solutions, infrastructure management, product engineering and independent testing.

These condensed interim financial statements have been prepared using the same basis / accounting policies as those used for the audited financial statements for the year ended on December 31, 2011. These interim financial statements have been prepared by the management considering the requirements of Accounting Standard 25 on "Interim financial reporting".

2. Contingent Liabilities in respect of

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

3. a) Considering the future profitability and taxable positions in the subsequent years, the Company has recognised the 'MAT Credit entitlement' of Rs 83.83 million (March 31, 2011 Rs 53.87 million) as an asset by crediting the profit and loss account for an equivalent amount and disclosed under 'Loans and advances' (Schedule 5) in accordance with the Guidance Note on "Accounting for credit available in respect of Minimum Alternate Tax under the Income Tax Act, 1961" issued by ICAI.

b) The breakup of the deferred tax liability is as under:

(Rupees in Millions)

Particulars	As at 31.03.2012	As at 31.12.2011
Deferred Tax Liabilities		
Depreciation	46.39	-
Deferred Cancellation Loss relating to roll-over Cash Flow Hedges	41.03	-
Less: Deferred Tax Asset		
Employee benefits	41.02	-
Depreciation	1.35	-
Provision others	22.11	-
Deferred Tax Liabilities (Net)	22.94	-

Hexaware Technologies Limited

Period from January 1, 2012 to March 31, 2012

4. Related party disclosures

The Company has entered into transactions with following related parties

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

Note # Held by nominees of Hexaware Technologies UK Ltd.

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

Transactions with parties are :

(Rupees in Millions)

Nature of Transactions	Subsidiaries	Key Management Personnel	Total
Finance (Including loans and equity contributions) in cash or in kind			
a) Loans Given			
Balance as at January 1,2012	82.50	-	82.50
	(4.00)	(-)	(4.00)
Fresh loans during the period	-	-	-
	(82.50)	(-)	(82.50)
Repaid /adjusted during the year	-	-	-
	(4.00)	(-)	(4.00)
Balance as at March 31, 2012	82.50	-	82.50
	(82.50)	(-)	(82.50)
b) Investment in Equity			

Hexaware Technologies Limited

Period from January 1, 2012 to March 31, 2012

(including share application money)			
Balance as at January 1,2012	2,069.67	-	2,069.67
	(2,069.67)	(-)	(2,069.67)
Less : Repaid during the year on account of share capital reduction in Hexaware Technologies UK Ltd	64.23	-	64.23
	(-)	(-)	(-)
Balance as at March 31, 2012	2,005.44	-	2,005.44
	(2,069.67)	(-)	(2,069.67)
2) Software and consultancy income	1,080.86	-	1,080.86
	(700.40)	(-)	(700.40)
3) Software and development expenses – subcontracting charges	36.36	-	36.36
	(71.62)	(-)	(71.62)
4) Interest and other Income	1.49	-	1.49
	(0.12)	(-)	(0.12)
5) Dividend received	46.67	-	46.67
	(-)	(-)	(-)
6) Reimbursement of cost to	15.04	-	15.04
	(17.27)	(-)	(17.27)
7) Receiving of services	-	16.15	16.15
	(-)	(4.11)	(4.11)
8) Recovery of cost/advances from	109.89	-	109.89
	(84.06)	(-)	(84.06)
9) Closing Balances as on March 31, 2012			
Receivable towards software and consultancy income	1,296.62	-	1,296.62
	(1,239.98)	(-)	(1,239.98)
Advances	189.15	-	189.15
	(258.60)	(-)	(258.60)
Payable towards services and reimbursement of cost	1,039.35	-	1,039.35
	(1,073.54)	(-)	(1,073.54)

Note: Figures in brackets have been given as at December 31, 2011 for Balance sheet and for the quarter ended March 31, 2011 for Profit and Loss Account figures.

Hexaware Technologies Limited

Period from January 1, 2012 to March 31, 2012

out of the above items transactions with subsidiaries and Key Management Personnel in excess of 10% of the total related party transactions are as under

(Rupees in Millions)

Transaction	Current Period Amount	Previous Period Amount
a) Loans Given /Paid During the year		
Subsidiaries		
- Risk Technology International Ltd (Repaid)	-	4.00
- Calibre Point Business Solutions Ltd (given)	-	82.50
		86.50
a) Software & Consultancy Income		
Subsidiaries		
- Hexaware Technologies Inc.	799.34	532.60
- Hexaware Technologies GmbH.	171.17	77.79
	970.51	610.39
b) Expenditure		
- Software and development expenses – subcontracting charges		
- Hexaware Technologies Inc.	32.22	63.27
- Hexaware Technologies UK Ltd.	-	5.91
- Reimbursement of Cost		
- Hexaware Technologies UK Ltd	8.69	4.22
- Hexaware Technologies Asia Pacific Pte Ltd	5.27	10.27
- Calibre Point Business Solutions Ltd	0.85	1.28
	47.03	84.95
Remuneration		
Key Management Personnel		
R. V. Ramanan	16.15	4.11
c) Interest & Other Income		
Subsidiaries		
- Risk Technology International Limited	-	1.48
- Calibre Point Business Solutions Ltd	1.49	-
	1.49	1.48
d) Recovery of cost / Advances during the year		
Subsidiaries		
- Hexaware Technologies Inc	80.68	71.17
- Hexaware Technologies UK Ltd	22.68	6.57
	103.36	77.74
e) Dividend Received		
Subsidiaries		
- Hexaware Technologies UK Ltd	46.67	-

Hexaware Technologies Limited

Period from January 1, 2012 to March 31, 2012

5. Earnings per Share (EPS)

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

(Rupees in Millions)

Particulars	March 2012	March 2011
Net profit after tax	830.48	458.62
Net Income available to equity shareholders	830.48	458.62
Weighted average outstanding equity shares considered for basic EPS (Nos.)	293,612,992	290,961,393
Basic Earnings per share : (In Rupees)	2.83	1.58
Weighted average outstanding equity shares considered for basic EPS (Nos.)	293,612,992	290,961,393
Add : Effect of dilutive issue of stock options (including share application money received on exercise of options) (Nos.)	6,499,925	7,334,211
Weighted average outstanding equity shares considered for diluted EPS (Nos.)	300,112,917	298,295,604
Diluted Earnings per share : (In Rupees)	2.77	1.54

6. Derivative Instruments:

a) The Company has following outstanding derivatives instruments:

- (i) Forward exchange contracts to Sell US Dollar 183.93 Million and Sell Euro 8.21 Million (December 31, 2011 Sell US Dollar 159.88 Million and Sell Euro 9.39 Million and Buy Euro 0.43 Million) are outstanding as of March 31, 2012.
- (ii) Fair value (net loss) of the derivative instruments identified as cash flow hedges is Rs. 322.27 million (December 31, 2011 net gain of Rs. 798.55 million) as at March 31, 2012
- (iii) The movement in Hedging Reserve Account during quarter ended March 31, 2012 for derivatives designated as Cash flow Hedges is as follows:

(Rupees in Millions)

	March 31, 2012	December 31, 2011
Balance at 1st January 2012 / 1st January 2011	(904.93)	249.79
Losses / (Gains) transferred to income statement on occurrence of forecasted hedge transaction	47.25	(70.81)
Changes in the fair value of the effective portion of outstanding cash flow derivative	288.27	(1,083.91)
Balance at 31st March 2012 / 31st December 2011	(569.41)	(904.93)

Net loss of Rs. 569.41 million recognized in Hedging Reserve as of March 2012 is expected to be classified to Profit and loss Account over two years.

- b) As of the balance sheet date the Company has the net receivable foreign currency exposure that are not hedged by a derivative instrument or otherwise amounting to Rs 17.87 million (December 31, 2011 payable Rs.58.03 million)

Hexaware Technologies Limited

Period from January 1, 2012 to March 31, 2012

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

(Rupees in Millions)

	March 31, 2012	December 31, 2011
Opening provision 1 st January 2012 / 1 st January 2011	279.46	259.22
Provision made during the period / year	-	49.79
Repaid /Adjusted during the period / year	44.89	29.55
Closing provision 31 st March 2012 / 31 st December 2011	234.57	279.46

8. Segments:

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

9. The figures for the previous accounting period have been regrouped/rearranged wherever necessary to correspond with the figures of the current period and are disclosed in brackets. Amounts and other disclosures for the preceding period are included as an integral part of the current period financial statement and are to be read in relation to the amounts and other disclosures relating to the current period

In terms of our attached report of even date

For Deloitte Haskins & Sells,

Chartered Accountants

For and on behalf of the Board

R. D. Kamat

Partner

R.V. Ramanan

(Executive Director
& President Global
Delivery Head)

Shailesh Haribhakti

(Director)

Place : Mumbai

Date : 27th April, 2012

Prateek Aggarwal

(Chief Financial Officer)