

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

Report on the Condensed Interim Financial Statements

We have audited the accompanying condensed financial statements of **HEXAWARE TECHNOLOGIES LTD** ("the Company"), which comprise the Condensed Balance Sheet as at September 30, 2013, the Condensed Statement of Profit and Loss for the quarter and nine months ended September 30, 2013 and the Condensed Cash Flow Statement for the nine months ended September 30, 2013 and the selected Explanatory Notes.

Management's Responsibility for the Condensed Financial Statements

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 (AS-25) on Interim Financial Reporting notified under the Companies Act, 1956 (which continues 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 controls relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these condensed 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 the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the condensed financial statements are free from material misstatements.

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 the internal controls relevant to the Company's preparation and fair

presentation of the condensed financial statements 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 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 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 September 30, 2013;
- (b) in the case of the Condensed Statement of Profit and Loss, of the profit of the Company for the quarter and nine months ended on that date; and
- (c) in the case of the Condensed Cash Flow Statement, of the cash flows of the Company for the nine months ended on that date.

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

R. D. Kamat
Partner
Membership No. 36822

Mumbai, November 11, 2013

HEXAWARE TECHNOLOGIES LIMITED
CONDENSED BALANCE SHEET AS AT 30TH SEPTEMBER, 2013

(Rs. Million)

Particulars	Note No.	As at 30th September '13	As at 31st December '12
I. EQUITY AND LIABILITIES			
Share holders' funds			
a. Share capital	2	599.21	593.09
b. Reserves and surplus	3	9,893.40	9,253.03
		10,492.61	9,846.12
Share application money pending allotment	2	-	0.38
Non-current liabilities			
a. Deferred tax liabilities (net)	4	313.20	101.79
b. Other Long term liabilities	5	66.88	76.23
c. Long-term provisions - Employee benefits		160.73	232.16
		540.81	410.18
Current liabilities			
a. Trade payables		1,514.74	1,385.82
b. Other current liabilities	6	664.48	847.70
c. Short term provisions	7	244.27	633.91
		2,423.49	2,867.43
Total		13,456.91	13,124.11
II. ASSETS			
Non-current assets			
a. Fixed assets	8		
i. Tangible assets		2,527.72	2,441.28
ii. Intangible assets		71.06	70.98
iii. Capital work-in-progress		639.36	756.76
		3,238.14	3,269.02
b. Non-current investments	9	2,009.52	2,010.02
c. Long-term loans and advances	10	1,244.27	1,007.49
d. Other non-current assets	11	179.00	163.38
		6,670.93	6,449.91
Current assets			
a. Current investments	12	1,807.63	2,349.83
b. Trade receivables	13	2,450.70	2,521.07
c. Cash and cash equivalents	14	1,891.10	1,103.17
d. Short-term loans and advances	15	461.86	598.17
e. Other current assets	16	174.69	101.96
		6,785.98	6,674.20
Total		13,456.91	13,124.11
III. NOTES FORMING PART OF FINANCIAL STATEMENTS	1 to 27		
In terms of our attached report of even date			
For Deloitte Haskins & Sells		For and on behalf of the board	
Chartered Accountants			
R. D. Kamat	R. V. Ramanan	Dileep Choksi	
Partner	(Executive Director and President Global Delivery)	(Director)	
Place : Mumbai			
Date : November 11th, 2013			

HEXAWARE TECHNOLOGIES LIMITED

CONDENSED STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 30TH SEPTEMBER, 2013

(Rs. Million)

Particulars	Note No.	Quarter ended 30th September		Nine months ended 30th September	
		2013	2012	2013	2012
I. INCOME					
a. Revenue from operations		2,671.72	2,350.15	7,458.20	6,923.57
b. Other income	17	60.98	95.06	240.79	363.93
		2,732.70	2,445.21	7,698.99	7,287.50
II. EXPENSES					
a. Software and development expenses	18	141.27	147.96	385.64	437.03
b. Employee benefits expenses	19	1,042.98	1,102.30	3,229.01	3,217.77
c. Operation and other expenses	20	244.44	227.64	693.81	648.84
d. Exchange rate difference (net)		169.77	21.86	153.55	35.15
e. Interest - others		0.27	0.01	0.28	0.78
f. Depreciation and amortisation expenses	8	78.24	73.98	230.26	194.51
		1,676.97	1,573.75	4,692.55	4,534.08
Profit before tax		1,055.73	871.46	3,006.44	2,753.42
Tax expense					
a. Income tax - Current (includes for prior year Rs. Nil for quarter ended 30th September 2013 {Rs. -22.31 million} and nine months ended 30th September 2013 Rs. 1.33 million {Rs. -23.37 million})		206.77	145.48	603.08	510.12
b. Less : MAT credit (entitlement) / adjustment		(186.83)	18.53	(246.38)	(130.66)
c. Net current tax expense		19.94	164.01	356.70	379.46
d. Income tax - Deferred		175.00	(5.51)	211.41	83.97
		194.94	158.50	568.11	463.43
Profit for the period		860.79	712.96	2,438.33	2,289.99
Earnings per share (in Rupees)	23				
Basic		2.88	2.41	8.18	7.76
Diluted		2.86	2.37	8.11	7.61
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 attached report of even date					
For Deloitte Haskins & Sells		For and on behalf of the board			
Chartered Accountants					
R. D. Kamat		R. V. Ramanan		Dileep Choksi	
Partner		(Executive Director and President Global Delivery)		(Director)	
Place : Mumbai					
Date : November 11th, 2013					

HEXAWARE TECHNOLOGIES LIMITED
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 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 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 2012 and considering the requirements of Accounting Standard 25 "Interim financial reporting".

Particulars	(Rs. Million)	
	As at 30th September '13	As at 31st December '12
2. 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	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>2,213.10</u>	<u>2,213.10</u>
b. Issued, subscribed and paid-up capital		
Equity Shares of Rs. 2/- each fully paid	599.21	593.09
Total	<u>599.21</u>	<u>593.09</u>

c. Reconciliation of number of shares

Particulars	Numbers	Amount	Numbers	Amount
Shares outstanding at the beginning of the year	296,544,791	593.09	293,358,428	586.72
Shares Issued during the period / year	3,058,306	6.12	3,186,363	6.37
Shares outstanding at the end of the period / year	299,603,097	599.21	296,544,791	593.09

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

Name of Shareholder	Nos. of Shares held	% of holding	Nos. of Shares held	% of holding
i. Elder Infosystems Pvt. Ltd. *	52,154,456	17.41	52,154,456	17.59
ii. Elder Venture LLP *	30,568,000	10.20	30,030,000	10.13
iii. Dali Limited	-	-	28,627,294	9.65
iv. Parel Investment Holdings Limited	26,388,327	8.81	-	-
v. GA Global Investments Ltd. *	21,139,580	7.06	21,139,580	7.13
vi. J P Morgan Chase Bank, NA *	21,111,400	7.05	21,111,400	7.12

-(unregistered ADR's held by GA Global Investments Ltd.)

* HT Global IT Solutions Holdings Ltd ("HT Global"), an affiliate of Barings Private Equity Asia completed the acquisition of 41.47% stake holding from the erstwhile promoter entities and GA Global Investments Ltd on 11th October, 2013.

e. Shares allotted as fully paid up by way of bonus shares during five years preceding the period end

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

f. Rights, preferences and restrictions attached to equity shares

The Company has one class of equity shares having a par value of Rs. 2 each. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

g. Shares reserved for issue under options

The Company has granted employee stock options under ESOP 2002, 2007 and 2008 scheme. Each option entitles the holder to one equity shares of Rs. 2 each. 3,143,375 (6,452,576 as at 31st December 2012) options were outstanding as on 30th September 2013.

h. Share application money pending allotment

Share application money received pending allotment is Nil as at 30th September, 2013. 30,193 shares were allotted during the period in respect of the share application money received and outstanding as at 31st December, 2012 aggregating Rs. 0.38 million (including securities premium of Rs. 0.32 million).

HEXAWARE TECHNOLOGIES LIMITED
NOTES TO THE CONDENSED FINANCIAL STATEMENTS

(Rs. Million)

Particulars	As at 30th September '13	As at 31st December '12
3. RESERVES AND SURPLUS		
a. Securities premium account		
Opening balance	4,578.74	4,521.83
Add : Received during the period / year	62.50	53.45
Add : Transfer from employee stock option outstanding	3.69	3.46
Closing balance	4,644.93	4,578.74
b. Employee stock options outstanding		
Opening balance	4.41	8.32
Less : Reversal on forfeiture / lapse of stock options granted	0.72	0.45
Less : Transfer to securities premium account on exercise of stock options	3.69	3.46
	-	4.41
Less : Deferred employee compensation expenses	-	0.26
Closing balance	-	4.15
c. General reserve		
Opening balance	1,542.87	1,242.87
Add : Transfer from statement of profit and loss	-	300.00
Closing balance	1,542.87	1,542.87
d. Hedging reserve		
Opening balance	(697.62)	(904.93)
Less : Losses transferred to statement of profit and loss on occurrence of forecasted hedge transaction (net)	663.66	570.75
Add : Changes in the fair value of the effective portion of outstanding cash flow hedges	(1,609.79)	(363.44)
Closing balance	(1,643.75)	(697.62)
e. Amalgamation reserve	2.88	2.88
f. Special Economic Zone Re-investment reserve		
Opening balance	-	-
Add : Transfer from statement of profit and loss	218.10	-
Closing balance	218.10	-
g. Balance in statement of profit and Loss		
Opening balance	3,822.01	3,129.17
Add : Profit for the period / year	2,438.33	2,856.03
	6,260.34	5,985.20
Less : Appropriations		
Transfer to Special Economic Zone Re-investment reserve	218.10	-
Interim dividend - equity	778.77	1,247.27
Proposed dividend - equity	-	355.85
Tax on dividend	135.10	260.07
Transfer to general reserve	-	300.00
Closing balance	5,128.37	3,822.01
Total	9,893.40	9,253.03

HEXAWARE TECHNOLOGIES LIMITED
NOTES TO THE CONDENSED FINANCIAL STATEMENTS

(Rs. Million)

Particulars	As at 30th September '13	As at 31st December '12
4. DEFERRED TAX LIABILITIES		
Deferred tax liabilities		
a. Depreciation	102.83	77.75
b. Deferred cancellation loss relating to roll-over of Cash flow hedges	287.76	86.18
	390.59	163.93
Less : Deferred tax assets		
a. Employee benefits	47.90	38.52
b. Provision others	29.49	23.62
	77.39	62.14
Total	313.20	101.79
5. OTHER LONG TERM LIABILITIES		
a. Capital creditors	0.92	16.49
b. Liability for mark to market losses on derivative contracts	65.96	59.74
Total	66.88	76.23
6. OTHER CURRENT LIABILITIES		
a. Unearned revenues	27.97	28.67
b. Unclaimed dividend *	55.38	45.63
c. Other payables		
i. Employee related	127.41	148.92
ii. Statutory liabilities	92.53	111.32
iii. Deposit received for leased premises	-	28.32
iv. Capital creditors	129.63	121.07
v. For expenses	197.61	205.48
vi. For mark to market losses on derivative contracts	33.95	158.29
* This figure does not include any amount due and outstanding to be credited to Investor Education and Protection Fund.		
Total	664.48	847.70
7. SHORT TERM PROVISIONS		
a. For employee benefits	45.64	39.58
b. Proposed dividend	-	355.85
c. Tax on proposed dividend	-	57.73
d. For tax (net of advance tax)	66.35	10.93
e. Others (Refer Note no. 25)	132.28	169.82
Total	244.27	633.91

HEXAWARE TECHNOLOGIES LIMITED

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

8. FIXED ASSETS

(Rs. Million)

Particulars	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
	As at 01.01.2013	Additions	Deductions/ Adjustments	As at 30.09.2013	As at 01.01.2013	For The period	Deductions/ Adjustments	As at 30.09.2013	As at 30.09.2013	As at 31.12.2012
i. Tangible Assets										
Land - Freehold	0.15	-	-	0.15	-	-	-	-	0.15	0.15
Land - Leasehold	330.44	-	-	330.44	20.52	2.58	-	23.10	307.34	309.92
Building	1,466.77	169.82	-	1,636.59	82.03	19.73	-	101.76	1,534.83	1,384.74
Plant and Machinery	1,066.60	56.81	85.28	1,038.13	736.29	90.28	85.18	741.39	296.74	330.31
Office Equipments	517.61	51.87	7.78	561.70	275.14	61.43	7.78	328.79	232.91	242.47
Furniture and Fixtures	430.63	5.01	35.34	400.30	259.37	25.29	35.26	249.40	150.90	171.26
Vehicles	28.40	3.72	12.36	19.76	25.97	1.30	12.36	14.91	4.85	2.43
Total	3,840.60	287.23	140.76	3,987.07	1,399.32	200.61	140.58	1,459.35	2,527.72	2,441.28
<i>Previous year</i>	<i>3,256.33</i>	<i>592.31</i>	<i>8.04</i>	<i>3,840.60</i>	<i>1,172.08</i>	<i>234.12</i>	<i>6.88</i>	<i>1,399.32</i>	<i>2,441.28</i>	
ii. Intangible Assets										
Software	176.74	29.73	-	206.47	105.76	29.65	-	135.41	71.06	70.98
Total	176.74	29.73	-	206.47	105.76	29.65	-	135.41	71.06	70.98
<i>Previous year</i>	<i>109.83</i>	<i>66.05</i>	<i>(0.86)</i>	<i>176.74</i>	<i>69.57</i>	<i>35.33</i>	<i>(0.86)</i>	<i>105.76</i>	<i>70.98</i>	
iii. Capital work-in-progress (in respect of buildings under construction)									639.36	756.76
Grand total	4,017.34	316.96	140.76	4,193.54	1,505.08	230.26	140.58	1,594.76	3,238.14	3,269.02
<i>Previous year</i>	<i>3,366.16</i>	<i>658.36</i>	<i>7.18</i>	<i>4,017.34</i>	<i>1,241.65</i>	<i>269.45</i>	<i>6.02</i>	<i>1,505.08</i>	<i>3,269.02</i>	

Notes:

- a) Land - Leasehold includes Rs. 90.00 million and Rs. 5.35 million (Previous Year Rs. 4.66 million) being lease premium and accumulated amortization in respect of leasehold land allotted to the Company at Nagpur for which final lease agreement is being executed.
- b) Plant and machinery includes Computer systems.

HEXAWARE TECHNOLOGIES LIMITED
NOTES TO THE CONDENSED FINANCIAL STATEMENTS

(Rs. Million)

Particulars	As at 30th September '13	As at 31st December '12
9. NON-CURRENT INVESTMENTS		
Trade investments (unquoted) (at cost) - in subsidiary companies		
a. 30,026 common stock at no par value in Hexaware Technologies Inc., U.S.A.	1,632.68	1,632.68
b. 2,167,000 shares of 1 GBP each fully paid up in Hexaware Technologies UK Ltd.	154.64	154.64
c. 5,00,000 shares of Singapore \$ 1/- each fully paid up in Hexaware Technologies Asia Pacific Pte. Ltd., Singapore	12.48	12.48
d. 3,618 shares of face value 50 euro each fully paid up in Hexaware Technologies GmbH., Germany	7.57	7.57
e. 1 common stock at no par value in Hexaware Technologies Canada Limited, Canada	0.73	0.73
f. 11,780,000 shares of Rs. 10/- each fully paid up in Caliber Point Business Solutions Limited	158.92	158.92
g. 1,000,000 shares of Rs. 10/- each fully paid up in Risk Technology International Limited	8.50	8.50
h. 1 participation share of no par value in Hexaware Technologies (Mexico) S De R.L. De C.V.	29.42	29.42
i. Nil (50,000) shares of Rs. 10/- each fully paid up in Rampran Infotech Limited (Closed during the period)	-	0.50
	2,004.94	2,005.44
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
	4.58	4.58
Total	2,009.52	2,010.02
<i>Aggregate value of unquoted investments</i>	2,009.52	2,010.02
10. LONG TERM LOANS AND ADVANCES (UNSECURED)		
a. Considered good		
i. Capital Advances	1.17	12.54
ii. Security Deposits	71.42	39.12
iii. Advance Income Tax and Fringe benefit Tax (net of provision for tax)	212.56	265.70
iv. MAT Credit Entitlement	895.00	648.61
v. Other Loans and advances	64.12	41.52
	1,244.27	1,007.49
b. Considered doubtful		
Security Deposits	1.27	-
Less : Provision for doubtful deposits	(1.27)	-
	-	-
Total	1,244.27	1,007.49
11. OTHER NON-CURRENT ASSETS		
a. Interest accrued on deposits	15.30	8.17
b. Unbilled services	1.87	8.27
c. Non current bank balances		
Restricted bank balances	161.83	146.94
	179.00	163.38
Total	179.00	163.38
12. CURRENT INVESTMENTS		
Non Trade investment (unquoted) (at cost or fair value whichever is lower)		
Investments in mutual funds	1,807.63	2,349.83
	1,807.63	2,349.83
Total	1,807.63	2,349.83
<i>Aggregate value of unquoted investments.</i>	1,807.63	2,349.83

HEXAWARE TECHNOLOGIES LIMITED
NOTES TO THE CONDENSED FINANCIAL STATEMENTS

(Rs. Million)

Particulars	As at 30th September '13	As at 31st December '12
13. TRADE RECEIVABLES (UNSECURED)		
a. Over six months from the due date		
Considered good	2.45	0.29
Considered doubtful	3.77	1.05
	6.22	1.34
Less : Provision for doubtful accounts	3.77	1.05
	2.45	0.29
b. Others		
Considered good	2,448.25	2,520.78
Considered doubtful	6.42	1.52
	2,454.67	2,522.30
Less : Provision for doubtful accounts	6.42	1.52
	2,448.25	2,520.78
Total	2,450.70	2,521.07
14. CASH AND CASH EQUIVALENTS		
a. Cash in hand	0.02	-
b. Balances with bank		
i. In current accounts	200.14	161.12
ii. Remittance in transit	-	60.70
iii. Bank deposits accounts with less than 3 months maturity	39.94	23.85
	240.08	245.67
c. Other bank balances		
i. Earmarked balances with banks	99.50	99.50
ii. Unclaimed dividend accounts	55.74	40.96
iii. Margin money	6.59	6.48
iv. Bank deposit accounts with more than 12 months maturity	248.50	350.00
v. Bank deposit accounts with more than 3 and less than 12 months maturity	702.50	-
	1,112.83	496.94
Total balances with bank	1,352.93	742.61
d. "AAA" rated demand deposits with financial institution	700.00	507.50
e. Less : Bank balances classified as non current assets		
Restricted bank balances	(161.83)	(146.94)
	(161.83)	(146.94)
Total	1,891.10	1,103.17
15. SHORT TERM LOANS AND ADVANCES (UNSECURED)		
a. Considered good		
i. Security deposits	6.48	79.37
ii. Loans and advances to related parties (Refer Note No. 22)	166.83	203.04
iii. Other loans and advances (includes service tax receivable, prepaid expenses and employee advances)	288.55	315.76
	461.86	598.17
b. Considered doubtful		
Security deposits	33.42	33.23
Less : Provision for doubtful deposits	33.42	33.23
	-	-
Total	461.86	598.17
16. OTHER CURRENT ASSETS		
a. Interest accrued on deposits	98.73	49.56
b. Unbilled services	75.96	52.40
Total	174.69	101.96

HEXAWARE TECHNOLOGIES LIMITED
NOTES TO THE CONDENSED FINANCIAL STATEMENTS

(Rs. Million)

Particulars	Quarter ended 30th		Nine months ended 30th	
	September		September	
	2013	2012	2013	2012
17. OTHER INCOME				
a. Dividend from current investments	25.82	11.14	117.50	32.66
b. Dividend from subsidiary company	-	-	-	46.67
c. (Loss) / Profit on sale / diminution in value of investments (net)	(12.06)	0.01	(14.92)	0.01
d. Interest income	45.37	60.88	123.57	221.46
e. (Loss) / Profit on sale of fixed assets (net)	(0.03)	-	1.92	0.17
f. Rental income	0.12	17.95	0.12	52.95
g. Miscellaneous income	1.76	5.08	12.60	10.01
Total	60.98	95.06	240.79	363.93
18. SOFTWARE AND DEVELOPMENT EXPENSES				
a. Consultant travel and related expenses	60.54	55.65	159.94	172.04
b. Software expenses *	80.73	92.31	225.70	264.99
Total	141.27	147.96	385.64	437.03
* includes subcontracting charges	43.16	60.11	124.04	176.04
19. EMPLOYEE BENEFIT EXPENSES				
a. Salaries and allowances	984.54	1,011.57	2,983.99	2,937.80
b. Contribution to provident and other funds	22.59	53.81	146.40	184.85
c. Staff welfare expenses	35.85	37.15	99.08	94.59
d. Employee stock option compensation cost	-	(0.23)	(0.46)	0.53
Total	1,042.98	1,102.30	3,229.01	3,217.77
20. OPERATIONS AND OTHER EXPENSES				
a. Rent	21.72	22.01	64.22	70.00
b. Rates and taxes	4.50	4.38	13.30	16.22
c. Travelling and conveyance expenses	55.39	54.07	151.55	147.51
d. Electricity charges	32.97	35.08	102.95	104.05
e. Communication expenses	29.21	18.54	80.18	56.35
f. Repairs and maintenance	31.09	28.71	85.89	69.06
g. Printing and stationery	3.72	2.85	11.71	10.98
h. Auditors remuneration	2.00	2.49	6.27	7.43
i. Legal and professional fees	15.13	11.88	38.53	38.57
j. Advertisement and publicity	0.15	0.04	0.54	0.17
k. Seminar, conference and business promotion expenses	7.39	8.44	20.47	19.38
l. Bank and other charges	0.92	0.93	2.66	3.16
m. Directors' sitting fees	0.50	0.30	1.08	1.04
n. Insurance charges	4.93	4.45	15.99	13.16
o. Loss on sale of fixed assets (net)	-	1.02	-	1.02
p. Loss on closure of subsidiary company	-	-	0.05	-
q. Debts and advances written off (net of recoveries) *	-	4.68	-	6.73
r. Provision for doubtful accounts (Net off write back) **	5.03	(1.44)	9.11	(6.35)
s. Staff recruitment expenses	4.93	5.83	8.68	23.98
t. Service charges	21.62	19.96	61.47	56.46
u. Provision for obsolete asset	-	-	7.04	-
v. Miscellaneous expenses #	3.24	3.42	12.12	9.92
# includes stamp duty & filing fees, registrar and share transfer expenses, membership and subscription fees etc.				
Total	244.44	227.64	693.81	648.84
* net of recoveries Rs.	-	(0.07)	-	(0.07)
** net of write back Rs.	(3.77)	(3.80)	(3.78)	(9.59)

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Explanatory Notes to the Condensed financial statements for the period ended 30th September 2013.

21. Contingent Liabilities in respect of

a) Claims not acknowledged as debt of Rs. 28.14 million (31st December 2012 Rs 28.14 million).

b) **Claims for taxes on income:**

i. Where Company is in appeal

Income tax demands of Rs 112.39 million have been raised in respect of assessments completed during the period, arising from off-setting tax losses against income of exempt units. The Company has appealed against the orders and based on merits, expects favourable outcome. Hence no provision against such demand is considered necessary.

ii. Others:

During the previous 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. Also, for AY 2004-05, the CIT (A) had decided the appeal against demand of Rs 7.40 million in the Company's favour. Against both these CIT(A) orders, the Income Tax department has filed an appeal with the ITAT during the period and the matter is in process.

22. Related party disclosures

The Company has entered into transactions with the following parties.

Name of the Related Parties	Country
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 Ltd.	Canada
Caliber Point Business Solutions Ltd.	India
FocusFrame Europe BV	Netherland
Hexaware Technologies, Mexico S. De. R.L. De. C.V.	Mexico
Risk Technology International Limited	India
Hexaware Technologies DO Brazil Ltd, Brazil (subsidiary of Hexaware Technologies Uk Ltd)	Brazil
Rampran Infotech Ltd. (closed w.e.f. 13th February 2013)	India
Key Management Personnel (KMP)	
Mr. Atul K. Nishar – Chairman	
Mr. R. V. Ramanan – Executive Director and President Global Delivery	
Mr. P. R. Chandrasekar – Vice Chairman and CEO	
Others	
Hexaware Technologies Employee Stock Option Trust - entity in which KMP have control and/or significant influence	

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Details of Transactions

(Rs. Million)

Particulars	Name of the Related party and Nature of Relationship	Quarter ended 30th September		Nine month ended 30th September	
		2013	2012	2013	2012
Loans Repaid during the year	Subsidiaries				
	Caliber Point Business Solutions Ltd	-	42.50	-	52.50
Investment in Equity	Capital Reduction in Subsidiary				
	Hexaware Technologies UK Ltd.	-	-	-	64.23
Software and Consultancy Income	Subsidiaries				
	Hexaware Technologies Inc	1,044.48	899.50	2,845.73	2,633.54
	Hexaware Technologies GmbH.	162.33	150.04	525.79	495.26
	Others	185.13	113.83	562.52	398.80
		1,391.94	1,163.37	3,934.04	3,527.60
Software and development expenses-subcontracting charges	Subsidiaries				
	Hexaware Technologies Inc	22.17	34.80	70.42	98.53
	Caliber Point Business Solutions Ltd	4.01	-	7.61	-
	Others	2.47	2.30	7.72	10.83
		28.65	37.10	85.75	109.36
Interest and Other Income	Subsidiaries				
	Caliber Point Business Solutions Ltd	-	1.25	-	4.08
		-	1.25	-	4.08
Dividend Income	Subsidiaries				
	Hexaware Technologies UK Ltd.	-	-	-	46.67
Reimbursement of cost to	Subsidiaries				
	Hexaware Technologies Inc	-	3.75	-	14.95
	Hexaware Technologies UK Ltd.	11.86	3.07	18.37	15.77
	Hexaware Technologies Asia Pacific Pte Ltd	3.60	3.57	7.11	14.16
	Others	0.23	-	1.02	-
	15.69	10.39	26.50	44.88	
Receiving of Services	Remuneration to Key Management Personnel				
	R.V. Ramanan	8.00	2.35	25.78	24.48
	Subsidiaries				
	Caliber Point Business Solutions Ltd	2.57	1.56	6.49	3.52
Recovery of cost / advances from	Subsidiaries				
	Hexaware Technologies Inc	82.03	109.99	270.50	262.75
	Hexaware Technologies UK Ltd	30.12	18.44	68.68	56.11
	Others	15.92	8.29	31.16	20.11
		128.07	136.72	370.34	338.97

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

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Outstanding Balances with Subsidiaries

Particulars	Rs Million	
	As at 30th September 2013	As at 31st Dec 2012
Investment in Equity	2,004.94	2,005.44
Receivable towards software and Consultancy Income	1,476.21	1,640.42
Advances	166.83	203.04
Payable towards services and reimbursement of cost	1,414.26	1,221.09

23. Earnings per Share (EPS)

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

Particulars	Quarter Ended		Nine month ended	
	30th September 2013	30th September 2012	30th September 2013	30th September 2012
Net profit after tax (Rs Million)	860.79	712.96	2,438.33	2,289.99
Weighted average outstanding equity shares considered for basic EPS (Nos.)	298,919,894	295,521,684	298,084,936	295,215,378
Basic Earnings per share : (in Rupees)	2.88	2.41	8.18	7.76
Weighted average outstanding equity shares considered for basic EPS (Nos.)	298,919,894	295,521,684	298,084,936	295,215,378
Add : Effect of dilutive issue of stock options (including share application money received on exercise of options) (Nos.)	2,026,381	4,849,305	2,690,240	5,679,879
Weighted average outstanding equity shares	300,946,275	300,370,989	300,775,176	300,895,257
Diluted Earnings per share : (in Rupees)	2.86	2.37	8.11	7.61

24. Derivative Instruments:

- (i) Forward exchange contracts to Sell US Dollar 191 Million and Sell Euro 11.21 Million are outstanding as of 30th September 2013. (31st December 2012 Sell US Dollar 200.98 Million and Sell Euro 13.96 Million).
- (ii) Fair value net loss of the derivative instruments identified as cash flow hedges is Rs.99.91 million as at 30th September 2013. (31st December 2012 of Rs.218.03 million)
- (iii) Net loss of Rs.1,643.75 million recognized in Hedging Reserve as of 30th September 2013 is expected to be classified to Statement of Profit and loss over two years.

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

Rs. Million

Particulars	Period Ended	Year Ended
	30th September 2013	31st Dec 2012
Provision at the beginning of the year	169.82	279.46
Provision made during the period / year	-	8.35
Paid /Adjusted during the period / year	37.54	117.99
Provision at the end of the period / year	132.28	169.82

26. **Segments:**

In terms of the provisions of Accounting Standard (AS 17) "Segment Reporting", the segment information is presented in the condensed consolidated financial statements on consolidated basis only and is published together with these financial statements.

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

For and on behalf of the board

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

Dileep Choksi
(Director)

Place : Mumbai
Date : November 11th, 2013
