

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

Report on the Condensed Interim Standalone Financial Statements

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

Management's Responsibility for the Condensed Interim Standalone Financial Statements

The Company's Board of Directors is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including Accounting Standard (AS-25) on Interim Financial Reporting prescribed under Section 133 of the Companies Act, 2013 ("the Act"), read with relevant rules issued thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the condensed financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these condensed financial statements based on our audit.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the condensed financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the condensed financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the condensed financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the condensed financial statements.

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

Opinion

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

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

Abhijit A. Damle
Partner
(Membership No. 102912)

MUMBAI, 28th July, 2016

HEXAWARE TECHNOLOGIES LIMITED

CONDENSED BALANCE SHEET AS AT 30TH JUNE, 2016

(Rs. Million)

Particulars	Note No.	As at 30th June 2016	As at 31st December 2015
I. EQUITY AND LIABILITIES			
Share holders' funds			
a. Share capital	2	603.63	603.13
b. Reserves and surplus	3	10,970.03	10,496.39
		11,573.66	11,099.52
Non-current liabilities			
a. Deferred tax liabilities (net)	4	78.16	91.95
b. Other long-term liabilities	5	5.52	7.29
c. Long-term provisions - Employee benefits		359.62	315.27
		443.30	414.51
Current liabilities			
a. Trade payables			
i. Dues of micro and small enterprises		-	-
ii. Others		1,413.54	1,352.18
b. Other current liabilities	6	1,437.67	1,168.33
c. Short-term provisions	7	540.56	952.62
		3,391.77	3,473.13
Total		15,408.73	14,987.16
II. ASSETS			
Non-current assets			
a. Fixed assets	8		
i. Tangible assets		2,943.76	2,905.74
ii. Intangible assets		91.14	104.66
iii. Capital work-in-progress		1,806.06	1,105.43
		4,840.96	4,115.83
b. Non-current investments	9	2,087.56	2,017.27
c. Long-term loans and advances	10	2,157.45	2,020.04
d. Other non-current assets	11	183.88	132.78
		9,269.85	8,285.92
Current assets			
a. Current investments	12	220.77	409.33
b. Trade receivables	13	3,877.00	3,970.97
c. Cash and cash equivalents	14	856.00	1,099.64
d. Short-term loans and advances	15	769.37	849.51
e. Other current assets	16	415.74	371.79
		6,138.88	6,701.24
Total		15,408.73	14,987.16
III. NOTES FORMING PART OF FINANCIAL STATEMENTS	1 to 27		
In terms of our report attached			
For Deloitte Haskins & Sells LLP		For and on behalf of the board of directors	
Chartered Accountants			
Abhijit A. Damle	R. Srikrishna	Dileep Choksi	
(Partner)	(CEO & Executive Director)	(Director)	
Place : Mumbai			
Date : 28th July, 2016			

HEXAWARE TECHNOLOGIES LIMITED

CONDENSED STATEMENT OF PROFIT AND LOSS FOR THE QUARTER AND SIX MONTHS ENDED 30TH JUNE, 2016

(Rs. Million)

Particulars	Note No.	For the Quarter ended 30th June		For the Six Months ended 30th June	
		2016	2015	2016	2015
I. INCOME					
a. Revenue from operations		3,344.73	3,191.36	6,527.47	6,180.96
b. Other income	17	21.03	23.94	40.67	61.88
		3,365.76	3,215.30	6,568.14	6,242.84
II. EXPENSES					
a. Software and development expenses	18	118.40	147.54	231.00	285.88
b. Employee benefits expense	19	1,671.98	1,516.29	3,375.64	2,998.05
c. Operations and other expense	20	434.08	367.41	817.21	687.70
d. Employee stock option compensation cost		46.62	80.18	119.99	91.85
e. Exchange rate difference (net)		(86.88)	(77.80)	(133.20)	47.41
f. Interest - others		0.04	-	0.06	0.01
g. Depreciation and amortisation expenses	8	104.22	98.98	211.83	199.21
		2,288.46	2,132.60	4,622.53	4,310.11
Profit before tax		1,077.30	1,082.70	1,945.61	1,932.73
Tax expense					
a. Income Tax - Current (net of MAT credit entitlement)		244.95	224.12	402.25	387.14
b. Income Tax - Deferred		(13.98)	(9.26)	(13.79)	(31.23)
		230.97	214.86	388.46	355.91
Profit for the period		846.33	867.84	1,557.15	1,576.82
Earnings per share (in Rupees)	23				
Basic		2.80	2.88	5.16	5.24
Diluted		2.78	2.86	5.12	5.19
Face value of equity share (in Rupees)		2.00	2.00	2.00	2.00
III. NOTES FORMING PART OF FINANCIAL STATEMENTS	1 to 27				
In terms of our report attached					
For Deloitte Haskins & Sells LLP Chartered Accountants		For and on behalf of the board of directors			
Abhijit A. Damle (Partner)		R. Srikrishna (CEO & Executive Director)		Dileep Choksi (Director)	
Place : Mumbai					
Date : 28th July, 2016					

HEXAWARE TECHNOLOGIES LIMITED

CONDENSED CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 30TH JUNE, 2016

(Rs. Million)

Particulars	For the Six Months ended 30th June	
	2016	2015
A Cash flow from operating activities		
Net Profit before tax	1,945.61	1,932.73
Adjustments for :		
Depreciation and amortisation expense	211.83	199.21
Employee stock option compensation cost	119.99	91.85
Dividend from current investments	(7.76)	(31.52)
Interest income	(22.03)	(15.08)
Provision for doubtful accounts (net)	(7.44)	10.44
Loss / (Profit) on sale / diminution in value of investments (net)	0.00	0.00
Debts and advances written off	1.47	3.67
Deferred settlement loss relating to roll-over cash flow hedges	-	184.36
(Profit) / Loss on sale of fixed assets (net)	(0.70)	0.33
Interest expense	0.06	0.01
Exchange rate difference (net) - unrealised	(6.51)	2.78
Operating Profit before working capital changes	2,234.52	2,378.78
Adjustments for :		
Trade and other receivables	162.77	(821.56)
Trade and other payables	367.87	(447.44)
Cash generated from operations	2,765.16	1,109.78
Direct taxes paid (net)	(362.01)	(313.16)
Net cash from operating activities	2,403.15	796.62
B Cash flow from investing activities		
Purchase of fixed assets	(816.57)	(475.28)
Investments in Subsidiaries	(70.29)	-
Purchase of current investments	(3,995.26)	(6,132.01)
Loan to a subsidiary	(191.30)	-
Interest received (net of tax Rs. 2.40 million (Rs. 1.23 million))	1.77	19.77
Proceeds from sale / redemption of current investments	4,183.82	7,263.72
Dividend from current investments	7.76	31.52
Proceeds from sale of fixed assets	1.12	1.29
Net cash (used in) / from investing activities	(878.95)	709.01
C Cash flow from financing activities		
Proceeds from issue of shares (net)	5.13	22.07
Interest paid	(0.06)	(0.01)
Dividend paid (including corporate dividend tax)	(1,779.42)	(1,630.22)
Net cash (used in) financing activities	(1,774.35)	(1,608.16)
Net (Decrease) in cash and cash equivalents	(250.15)	(102.53)
Cash and cash equivalents at the beginning of the period	1,105.57	1,103.03
Cash and cash equivalents at the end of the period (Refer Note 1 below)	855.42	1,000.50
Notes:		
1 Components of cash and cash equivalents comprise the following : (Refer Note no. 14 of notes forming part of financial statements)		
Cash and Bank Balances	998.87	1,207.45
Less : Restricted bank balances	(142.87)	(208.80)
Cash and Cash equivalents	856.00	998.65
Add : Unrealised Loss / (gain) on foreign currency cash and cash equivalents	(0.58)	1.85
Total Cash and Cash equivalents	855.42	1,000.50
2 Previous period's figures have been regrouped wherever necessary.		
In terms of our report attached		
For Deloitte Haskins & Sells LLP Chartered Accountants	For and on behalf of the board of directors	
Abhijit A. Damle (Partner)	R. Srikrishna (CEO & Executive Director)	Dileep Choksi (Director)
Place : Mumbai Date : 28th July, 2016		

HEXAWARE TECHNOLOGIES LIMITED
NOTES TO CONDENSED FINANCIAL STATEMENTS

1. BACKGROUND

Hexaware Technologies Limited ("Hexaware" or "the Company") is a public limited company incorporated in India. The Company is engaged in information technology consulting, software development and business process management. Hexaware provides multiple service offerings to its clients across various industries comprising travel, transportation, hospitality, logistics, banking, financial services, insurance, healthcare, manufacturing and services. The various service offerings comprise application development and management, enterprise package solutions, infrastructure management, business intelligence and analytics, business process management, quality assurance and independent testing.

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

(Rs. Million)

Particulars	As at 30th June 2016		As at 31st December 2015	
2. SHARE CAPITAL				
a. Authorised				
475,000,000 Equity shares of Rs. 2/- each	950.00		950.00	
1,100,000 Series "A" Preference shares of Rs. 1,421/- each	1,563.10		1,563.10	
(Authorised Preference share capital can be either cumulative or non cumulative with a power to the Company to convert the same into equity shares at any time.)				
Total	<u>2,513.10</u>		<u>2,513.10</u>	
b. Issued, subscribed and paid-up capital				
Equity Shares of Rs. 2/- each fully paid	603.63		603.13	
Total	<u>603.63</u>		<u>603.13</u>	
c. Reconciliation of number of shares				
Particulars	Numbers	Amount	Numbers	Amount
Shares outstanding at the beginning of the period / year	301,562,897	603.13	300,923,472	601.85
Shares issued during the period / year	251,450	0.50	639,425	1.28
Shares outstanding at the end of the period / year	301,814,347	603.63	301,562,897	603.13
d. Details of shares held by shareholders holding more than 5% shares				
Name of Shareholder	No. of Shares held	% of holding	No. of Shares held	% of holding
HT Global IT Solutions Holdings Ltd. (Holding company)	215,047,193	71.25	215,047,193	71.31
e. Shares allotted as fully paid up by way of bonus shares during five years preceding the year end				
The Company allotted 145,545,781 equity shares as fully paid up bonus shares by utilisation of Securities premium account on 2nd March, 2011 pursuant to shareholder's resolution passed in Extra Ordinary General Meeting held on 15th February, 2011.				
f. Rights, preferences and restrictions attached to equity shares				
The Company has one class of equity shares having a par value of Rs. 2 each. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all liabilities, in proportion to their shareholding.				
g. Shares reserved for issue under options				
The Company has granted employee stock options under ESOP 2002, 2007 and 2008 schemes and restricted stock units under the ESOP 2008 and 2015 scheme. Each option entitles the holder to one equity share of Rs. 2 each. 8,954,463 options were outstanding as on 30th June, 2016 (9,844,513 as on 31st December, 2015).				
h. The Board of Directors, at its meeting held on 28th July, 2016 has declared interim dividend of Rs. 1/- per equity share.				

HEXAWARE TECHNOLOGIES LIMITED
NOTES TO CONDENSED FINANCIAL STATEMENTS

(Rs. Million)

Particulars	As at 30th June 2016	As at 31st December 2015
3. RESERVES AND SURPLUS		
a. Securities premium account		
Opening balance	4,772.37	4,741.93
Add : Received during the period / year	4.63	30.44
Closing balance	4,777.00	4,772.37
b. Employee stock options outstanding		
Opening balance	232.66	-
Add : Employee stock option compensation cost	119.99	232.66
Closing balance	352.65	232.66
c. General reserve	2,135.75	2,135.75
d. Hedging reserve		
Opening balance	15.96	(253.01)
Add : (Profit) / Losses transferred to Statement of Profit and Loss on occurrence of forecasted hedge transactions (net)	(27.82)	109.97
Add : Changes in the fair value of the effective portion of outstanding cash flow hedges	91.27	159.00
Closing balance	79.41	15.96
e. Amalgamation reserve	2.88	2.88
f. Special Economic Zone Re-investment reserve		
Opening balance	329.52	281.39
Add : Transfer from Balance in Statement of Profit and Loss	170.21	172.75
Less : Transfer to Statement of Profit and Loss on utilisation for acquisition of plant and machinery	160.09	124.62
Closing balance	339.64	329.52
g. Balance in Statement of Profit and Loss		
Opening balance	3,007.25	2,862.59
Add : Transfer from Special Economic Zone Re-investment reserve	160.09	124.62
Add : Profit for the period / year	1,557.15	3,329.71
	4,724.49	6,316.92
Less : Appropriations		
Transfer to Special Economic Zone Re-investment reserve	170.21	172.75
Interim dividend - equity	1,056.51	2,608.16
Tax on dividend	215.07	528.76
Closing balance	3,282.70	3,007.25
Total	<u>10,970.03</u>	<u>10,496.39</u>

HEXAWARE TECHNOLOGIES LIMITED
NOTES TO CONDENSED FINANCIAL STATEMENTS

(Rs. Million)

Particulars	As at 30th June 2016	As at 31st December 2015
4. DEFERRED TAX LIABILITIES		
Deferred tax liabilities		
a. Depreciation	179.19	169.51
	<u>179.19</u>	<u>169.51</u>
Less : Deferred tax assets		
a. Employee benefits	73.59	67.49
b. Provision for doubtful receivables	27.44	10.07
	<u>101.03</u>	<u>77.56</u>
Total	<u><u>78.16</u></u>	<u><u>91.95</u></u>
5. OTHER LONG TERM LIABILITIES		
a. Capital creditors	1.30	3.39
b. For expenses	4.22	3.90
	<u>5.52</u>	<u>7.29</u>
Total	<u><u>5.52</u></u>	<u><u>7.29</u></u>
6. OTHER CURRENT LIABILITIES		
a. Unearned revenues	14.62	25.54
b. Unclaimed dividend *	132.26	119.92
c. Other payables		
i. Employee related	619.46	265.51
ii. Statutory liabilities	146.26	146.14
iii. Deposit received from customer / lessee	0.38	-
iv. Capital creditors	303.89	312.46
v. For expenses	220.80	298.76
* There is no amount due and outstanding to be credited to Investor Education and Protection Fund.		
	<u>1,437.67</u>	<u>1,168.33</u>
Total	<u><u>1,437.67</u></u>	<u><u>1,168.33</u></u>
7. SHORT TERM PROVISIONS		
a. For employee benefits	52.67	56.40
b. Proposed dividend	301.81	723.75
c. Tax on proposed dividend	61.44	147.34
d. For tax (net of advance tax) (net of MAT credit availed Rs. 47.68 million (Rs. 47.68 million))	124.64	25.13
	<u>540.56</u>	<u>952.62</u>
Total	<u><u>540.56</u></u>	<u><u>952.62</u></u>

HEXAWARE TECHNOLOGIES LIMITED
NOTES TO CONDENSED FINANCIAL STATEMENTS

8. FIXED ASSETS

(Rs. Million)

Particulars	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
	As at 01.01.2016	Additions	Deductions/ Adjustments	As at 30.06.2016	As at 01.01.2016	For the period	Deductions/ Adjustments	As at 30.06.2016	As at 30.06.2016	As at 31.12.2015
i. Tangible Assets										
Land - Freehold	0.15	-	-	0.15	-	-	-	-	0.15	0.15
Land - Leasehold	161.07	118.60	-	279.67	14.52	1.16	-	15.68	263.99	146.55
Building	2,250.89	1.01	-	2,251.90	223.72	20.35	-	244.07	2,007.83	2,027.17
Plant and Machinery	1,574.14	73.19	19.24	1,628.09	1,169.22	89.58	19.17	1,239.63	388.46	404.92
Office Equipments	784.39	21.95	0.79	805.55	595.12	47.42	0.65	641.89	163.66	189.27
Furniture and Fixtures	508.94	1.88	0.37	510.45	380.32	17.62	0.37	397.57	112.88	128.62
Vehicles	24.64	-	0.82	23.82	17.45	1.57	0.61	18.41	5.41	7.19
Leasehold Improvements	4.97	-	-	4.97	3.10	0.49	-	3.59	1.38	1.87
Total	5,309.19	216.63	21.22	5,504.60	2,403.45	178.19	20.80	2,560.84	2,943.76	2,905.74
<i>Previous year</i>	<i>5,110.32</i>	<i>255.05</i>	<i>56.18</i>	<i>5,309.19</i>	<i>2,112.22</i>	<i>346.30</i>	<i>55.07</i>	<i>2,403.45</i>	<i>2,905.74</i>	
ii. Intangible Assets										
Software	391.14	20.12	-	411.26	286.48	33.64	-	320.12	91.14	104.66
Total	391.14	20.12	-	411.26	286.48	33.64	-	320.12	91.14	104.66
<i>Previous year</i>	<i>329.58</i>	<i>61.80</i>	<i>0.24</i>	<i>391.14</i>	<i>224.42</i>	<i>62.06</i>	<i>-</i>	<i>286.48</i>	<i>104.66</i>	
iii. Capital work-in-progress (mainly in respect of buildings under construction)									1,806.06	1,105.43
Grand total	5,700.33	236.75	21.22	5,915.86	2,689.93	211.83	20.80	2,880.96	4,840.96	4,115.83
<i>Previous year</i>	<i>5,439.90</i>	<i>316.85</i>	<i>56.42</i>	<i>5,700.33</i>	<i>2,336.64</i>	<i>408.36</i>	<i>55.07</i>	<i>2,689.93</i>	<i>4,115.83</i>	

Notes:

- Land - Leasehold includes Rs. 90.00 million and Rs. 7.85 million (Previous year Rs. 7.40 million) being lease premium and accumulated amortisation respectively in respect of leasehold land allotted to the Company at Nagpur for which final lease agreement is being executed.
- Plant and machinery includes Computer systems.

HEXAWARE TECHNOLOGIES LIMITED
NOTES TO CONDENSED FINANCIAL STATEMENTS

(Rs. Million)

Particulars	As at 30th June 2016	As at 31st December 2015
9. NON-CURRENT INVESTMENTS		
Trade investments in subsidiary companies (unquoted) (at cost)		
a. 30,026 common stock at no par value in Hexaware Technologies Inc., U.S.A.	1,632.68	1,632.68
b. 2,167,000 shares of 1 GBP each fully paid up in Hexaware Technologies UK Ltd.	154.64	154.64
c. 500,000 shares of Singapore \$ 1/- each fully paid up in Hexaware Technologies Asia Pacific Pte. Ltd., Singapore	12.48	12.48
d. 3,618 shares of face value 50 euro each fully paid up in Hexaware Technologies GmbH., Germany	7.57	7.57
e. 1 common stock at no par value in Hexaware Technologies Canada Limited, Canada	0.73	0.73
f. 9,500,000 shares of Rs. 10/- each fully paid up in Risk Technology International Limited	93.50	93.50
g. 1 participation share of no par value in Hexaware Technologies Mexico S De R.L. De C.V.	29.42	29.42
h. 10 (5) shares at no par value in Guangzhou Hexaware Information Technologies Company Limited	3.36	1.66
i. Entire Share Capital in Hexaware Technologies Limited Liability Company, Russia	148.60	80.01
	<u>2,082.98</u>	<u>2,012.69</u>
Trade investments (unquoted) (at cost) - in others		
240,958 equity shares of Rs. 10/- each fully paid up in Beta Wind Farm Pvt. Ltd.	4.58	4.58
	<u>4.58</u>	<u>4.58</u>
Total	<u><u>2,087.56</u></u>	<u><u>2,017.27</u></u>
10. LONG TERM LOANS AND ADVANCES (UNSECURED)		
Considered good		
a. Loans to related parties (Refer Note no. 22)	545.80	354.50
b. Capital Advances	83.87	215.34
c. Security Deposits	144.34	128.03
d. Advance Income Tax and Fringe benefit Tax (net of provision for tax)	373.46	341.33
e. MAT Credit Entitlement	947.02	917.48
f. Other Loans and advances (includes service tax receivable, prepaid expenses etc.)	62.96	63.36
Total	<u><u>2,157.45</u></u>	<u><u>2,020.04</u></u>
11. OTHER NON-CURRENT ASSETS		
a. Interest accrued on deposits	0.38	0.51
b. Non current bank balances		
Restricted bank balances (Refer Note no. 14)	142.87	130.50
c. Receivable on account of MTM gains on derivatives contract (net) (Refer Note no. 24)	40.63	1.77
Total	<u><u>183.88</u></u>	<u><u>132.78</u></u>
12. CURRENT INVESTMENTS		
Investments in mutual funds (unquoted)	220.77	409.33
Total	<u><u>220.77</u></u>	<u><u>409.33</u></u>

HEXAWARE TECHNOLOGIES LIMITED
NOTES TO CONDENSED FINANCIAL STATEMENTS

(Rs. Million)

Particulars	As at 30th June 2016	As at 31st December 2015
13. TRADE RECEIVABLES (UNSECURED)		
a. Over six months from the due date		
Considered good	5.14	24.46
Considered doubtful	47.56	48.11
	<u>52.70</u>	<u>72.57</u>
Less: Provision for doubtful receivables	47.56	48.11
	<u>5.14</u>	<u>24.46</u>
b. Others		
Considered good	3,871.86	3,946.51
Considered doubtful	11.44	18.56
	<u>3,883.30</u>	<u>3,965.07</u>
Less: Provision for doubtful receivables	11.44	18.56
	<u>3,871.86</u>	<u>3,946.51</u>
Total	<u><u>3,877.00</u></u>	<u><u>3,970.97</u></u>
14. CASH AND CASH EQUIVALENTS		
a. Cash in hand	0.01	-
b. Balances with banks		
i. In current accounts	832.69	1,093.93
ii. Remittances in transit	-	2.06
iii. Bank deposit accounts with less than 3 months maturity	23.30	3.65
	<u>855.99</u>	<u>1,099.64</u>
c. Other bank balances		
i. Unclaimed dividend accounts	132.62	120.28
ii. Margin money	10.25	10.22
	<u>142.87</u>	<u>130.50</u>
Total Cash and Bank Balances	998.87	1,230.14
d. Less: Bank balances classified as non current assets		
Restricted bank balances (Refer Note no. 11)	(142.87)	(130.50)
Total	<u><u>856.00</u></u>	<u><u>1,099.64</u></u>
15. SHORT TERM LOANS AND ADVANCES (UNSECURED)		
a. Considered good		
i. Security deposits	30.99	6.27
ii. Loans and advances to related parties (Refer Note no. 22)	264.76	270.73
iii. Other loans and advances (includes service tax receivable, prepaid expenses, employee travel advances etc.)	473.62	572.51
	<u>769.37</u>	<u>849.51</u>
b. Considered doubtful		
Security deposits	35.14	35.15
Less: Provision for doubtful deposits	35.14	35.15
	<u>-</u>	<u>-</u>
Total	<u><u>769.37</u></u>	<u><u>849.51</u></u>
16. OTHER CURRENT ASSETS		
a. Interest accrued on deposits	0.78	1.05
b. Unbilled services	349.70	351.66
c. Receivable on account of MTM gains on derivatives contract (net)	65.26	19.08
Total	<u><u>415.74</u></u>	<u><u>371.79</u></u>

HEXAWARE TECHNOLOGIES LIMITED
NOTES TO CONDENSED FINANCIAL STATEMENTS

(Rs. Million)

Particulars	For the Quarter ended 30th June		For the Six Months ended 30th June	
	2016	2015	2016	2015
17. OTHER INCOME				
a. Dividend from current investments	2.89	11.01	7.76	31.52
b. (Loss) / Profit on sale / diminution in value of investments (net)	0.00	0.00	0.00	0.00
c. Interest income	12.23	7.45	22.03	15.08
d. Profit / (Loss) on sale of fixed assets (net)	0.58	0.06	0.70	(0.33)
e. Miscellaneous income	5.33	5.42	10.18	15.61
Total	21.03	23.94	40.67	61.88
18. SOFTWARE AND DEVELOPMENT EXPENSES				
a. Consultant travel and related expenses	48.06	69.41	96.59	125.61
b. Software expenses *	70.34	78.13	134.41	160.27
Total	118.40	147.54	231.00	285.88
<i>* includes subcontracting charges</i>	<i>63.42</i>	<i>57.72</i>	<i>120.98</i>	<i>116.94</i>
19. EMPLOYEE BENEFITS EXPENSE				
a. Salaries and allowances	1,512.67	1,362.16	3,040.34	2,686.45
b. Contribution to provident and other funds	79.95	92.12	168.41	187.53
c. Staff welfare expenses	79.36	62.01	166.89	124.07
Total	1,671.98	1,516.29	3,375.64	2,998.05
20. OPERATIONS AND OTHER EXPENSE				
a. Rent	40.67	32.29	80.20	63.01
b. Rates and taxes	5.64	5.36	11.36	12.29
c. Travelling and conveyance expenses	89.31	71.58	165.71	136.35
d. Electricity charges	58.61	54.07	105.58	93.74
e. Communication expenses	42.10	41.06	79.57	68.12
f. Repairs and maintenance	63.41	49.96	125.78	97.04
g. Printing and stationery	7.79	8.08	14.43	12.74
h. Auditors remuneration	2.49	2.56	5.01	6.35
i. Legal and professional fees	21.25	25.00	49.14	48.30
j. Advertisement and business promotion	22.73	8.37	37.55	18.40
k. Bank and other charges	1.12	1.02	2.13	2.05
l. Directors' sitting fees	0.28	0.44	0.52	0.66
m. Insurance charges	3.77	3.84	7.37	8.63
n. Corporate Social Responsibility Expenditure	3.62	-	15.71	5.00
o. Debts and advances written off	-	-	1.47	3.67
p. Provision for doubtful accounts (Net off write back) **	11.03	8.53	(7.44)	10.44
q. Staff recruitment expenses	17.04	13.17	37.53	22.81
r. Service charges	38.72	37.29	75.63	69.84
s. Miscellaneous expenses	4.50	4.79	9.96	8.26
Total	434.08	367.41	817.21	687.70
** net of write back	<i>(2.14)</i>	<i>(1.59)</i>	<i>(21.54)</i>	<i>(8.85)</i>

Hexaware Technologies Limited

Notes to the Condensed financial statements.

21 Contingent Liabilities in respect of

- a) Claims not acknowledged as debt Rs. 28.14 million (31st December 2015 Rs 28.14 million), being a claim from landlord of a premise occupied by the Company in an earlier year. The Company is confident of successfully contesting the aforesaid matter and does not expect any outflow on this count.
- b) Claims for taxes on income:
- i) Where Company is in appeal :
- Income tax demands of Rs. 9.59 million (31st December 2015 Rs. 9.74 million) have been raised in respect of assessments completed in earlier year, arising from certain disallowances by the Income tax authorities. The Company has appealed against the Orders and based on merit, expects favourable outcome. Hence no provision against such demand is considered necessary.
- ii) Others :
- In an earlier year, the CIT (A) had passed an order in favour of the Company against demand of Rs. 23.79 million raised by the Assessing officer for AY 2008-09, which had arisen mainly due to disallowance of foreign exchange loss as business expenses. Against this, the Income Tax Department has filed an appeal with Income Tax Appellate Tribunal and the matter is under process.

22 Related party disclosures

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

Notes:

- Subsidiary of Hexaware Technologies Inc.
- Closed on 31st March 2015.
- Subsidiary of Hexaware Technologies UK Ltd
- Subsidiary formed and comenced business on 21st May, 2015.
- Subsidiary formed on 14th October 2015.

Hexaware Technologies Limited
Notes to the Condensed financial statements.

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

(Rs. Million)

Nature of transactions	Name of the Related party and Relationship	Quarter Ended 30th June		Half year Ended 30th June	
		2016	2015	2016	2015
Investment made	Subsidiaries				
	Hexaware Technologies LLC	-	-	68.59	-
	Guangzhou Hexaware Information Technologies Company Limited	-	-	1.71	-
		-	-	70.30	-
Loan given	Subsidiaries				
	Risk Technology International Limited	93.00	17.50	191.30	17.50
		93.00	17.50	191.30	17.50
Software and consultancy income	Subsidiaries				
	Hexaware Technologies Inc.	1,474.90	1,325.34	2,887.47	2,553.12
	Hexaware Technologies UK Ltd.	247.76	158.99	471.75	288.53
	Hexaware Technologies GmbH.	88.86	103.31	168.59	202.07
	Others	45.56	78.04	109.12	148.38
		1,857.08	1,665.68	3,636.93	3,192.10
Software and development expenses - subcontracting charges	Subsidiaries				
	Hexaware Technologies Inc.	52.26	33.02	97.21	63.43
		52.26	33.02	97.21	63.43
Interest income	Subsidiaries				
	Risk Technology International Limited	11.53	4.60	20.29	9.04
Reimbursement of cost to	Subsidiaries				
	Hexaware Technologies UK Ltd.	4.54	6.83	7.24	13.05
	Others	0.73	0.19	0.78	0.67
		5.27	7.02	8.02	13.72
Receiving of Services	Remuneration to KMP				
	Mr. R Srikrishna (including share based payment)	12.77	13.41	23.31	26.19
		12.77	13.41	23.31	26.19
Recovery of cost from	Subsidiaries				
	Hexaware Technologies Inc.	118.50	93.48	230.18	195.31
	Hexaware Technologies UK Ltd.	67.34	39.13	129.84	76.89
	Others	5.61	8.72	13.66	17.40
		191.45	141.33	373.68	289.60

Particulars	As at	
	30th June 2016	31st December 2015
Outstanding Balances with Subsidiaries		
Investment in equity	2,082.98	2,012.69
Receivable towards software and consultancy income	2,698.56	2,929.56
Other receivables	264.76	270.73
Payable towards services and reimbursement of cost	1,215.42	1,190.32
Loan given	545.80	354.50
Payable to KMP	2.31	1.54

Hexaware Technologies Limited
Notes to the Condensed financial statements.

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

Particulars	Quarter Ended		Six Months Ended	
	30th June 2016	30th June 2015	30th June 2016	30th June 2015
Net profit after tax (Rs Million)	846.33	867.84	1,557.15	1,576.82
Weighted average outstanding equity shares considered for basic EPS (Nos)	301,807,270	301,288,727	301,710,063	301,160,214
Basic Earnings per share: (in Rs.)	2.80	2.88	5.16	5.24
Weighted average outstanding equity shares considered for basic EPS (Nos)	301,807,270	301,288,727	301,710,063	301,160,214
Add : Dilutive impact of employee stock option (Nos)	2,258,894	2,542,365	2,348,745	2,642,702
Weighted average outstanding equity shares considered for diluted EPS (Nos)	304,066,164	303,831,092	304,058,808	303,802,916
Diluted Earnings per share: (in Rs.)	2.78	2.86	5.12	5.19

24 Derivative Instruments

Forward exchange contracts to Sell US Dollar 143.18 million, Euro 4.60 million and GBP 4.20 million are outstanding as at 30th June 2016 (As on 31st December 2015 US Dollar 156.94 million, Euro 5.60 million and GBP 4.20 million)

Fair value net gain of the derivative instruments identified as cash flow hedges is Rs. 105.89 million as at 30th June, 2016 (As at 31st December 2015 Rs. 20.85 million).

Net gain of Rs.79.41 million recognized in Hedging Reserve as at 30th June 2016 is expected to be recycled to Statement of Profit and Loss over two years.

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

(Rs. Million)

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

26 Segments:

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

Hexaware Technologies Limited
Notes to the Condensed financial statements.

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

For and on behalf of the board of directors

R Srikrishna
(CEO and Executive Director)

Dileep Choksi
(Director)

Place : Mumbai
Date : 28th July 2016