

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

Report on the Condensed Interim Financial Statements

We have audited the accompanying condensed financial statements of **HEXAWARE TECHNOLOGIES LIMITED** ("the Company"), which comprise the Condensed Balance Sheet as at March 31, 2014, the Condensed Statement of Profit and Loss and the Condensed Cash Flow Statement for the quarter then ended, and the selected Explanatory notes

Management's Responsibility for the Condensed Interim 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 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs) and other accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the 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 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 control 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 March 31, 2014;
- (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 LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

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

MUMBAI, April 29, 2014

HEXAWARE TECHNOLOGIES LIMITED
CONDENSED BALANCE SHEET AS AT 31ST MARCH, 2014

(Rs. Million)

Particulars	Note No.	As at 31st March 2014	As at 31st December 2013
I. EQUITY AND LIABILITIES			
Share holders' funds			
a. Share capital	2	600.53	599.75
b. Reserves and surplus	3	8,802.13	8,285.52
		9,402.66	8,885.27
Share application money pending allotment	2	0.01	0.86
Non-current liabilities			
a. Deferred tax liabilities (net)	4	187.95	245.36
b. Other Long term liabilities	5	6.67	0.17
c. Long-term provisions - Employee benefits		184.48	171.26
		379.10	416.79
Current liabilities			
a. Trade payables		1,530.79	1,489.84
b. Other current liabilities	6	629.82	677.67
c. Short term provisions	7	1,585.17	3,183.06
		3,745.78	5,350.57
Total		13,527.55	14,653.49
II. ASSETS			
Non-current assets			
a. Fixed assets	8		
i. Tangible assets		2,927.28	2,954.72
ii. Intangible assets		54.95	64.22
iii. Capital work-in-progress		263.55	212.47
		3,245.78	3,231.41
b. Non-current investments	9	2,009.52	2,009.52
c. Long-term loans and advances	10	1,242.71	1,205.63
d. Other non-current assets	11	167.22	140.50
		6,665.23	6,587.06
Current assets			
a. Current investments	12	2,447.10	3,331.67
b. Trade receivables	13	2,472.01	2,387.95
c. Cash and cash equivalents	14	765.95	1,474.88
d. Short-term loans and advances	15	563.33	518.85
e. Other current assets	16	613.93	353.08
		6,862.32	8,066.43
Total		13,527.55	14,653.49
III. NOTES FORMING PART OF FINANCIAL STATEMENTS	1 to 27		

In terms of our attached report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the board

R. D. Kamat
(Partner)

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

Dileep Choksi
(Director)

Place : Mumbai
Date : 29th April, 2014

HEXAWARE TECHNOLOGIES LIMITED

CONDENSED STATEMENT OF PROFIT AND LOSS FOR THE QUARTER ENDED 31ST MARCH, 2014

(Rs. Million)

Particulars	Note No.	Quarter ended 31st March	
		2014	2013
I. INCOME			
a. Revenue from operations		2,533.08	2,318.30
b. Other income	17	453.36	83.13
		2,986.44	2,401.43
II. EXPENSES			
a. Software and development expenses	18	168.62	123.89
b. Employee benefits expenses	19	1,204.38	1,137.94
c. Operation and other expenses	20	237.94	223.20
d. Exchange rate difference (net)		122.71	(37.58)
e. Interest - others		0.18	0.00
f. Depreciation and amortisation expenses	8	87.63	76.54
		1,821.46	1,523.99
Profit before tax		1,164.98	877.44
Tax expense			
a. Income tax - Current		173.03	173.64
b. Less : MAT credit (entitlement) / adjustment		88.95	22.85
c. Net current tax expense		261.98	196.49
d. Income tax - Deferred		(57.41)	(25.37)
		204.57	171.12
Profit for the period		960.41	706.32
Earnings per share (in Rupees)	23		
Basic		3.20	2.38
Diluted		3.18	2.35
Face value of equity share (in Rupees)		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 LLP		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 : 29th April, 2014			

HEXAWARE TECHNOLOGIES LIMITED
CASH FLOW STATEMENT FOR THE QUARTER ENDED 31ST MARCH 2014

(Rs. Million)

Particulars	For the quarter ended 31st March	
	2014	2013
A Cash flow from operating activities		
Net Profit before tax	1,164.98	877.44
Adjustments for :		
Depreciation and amortisation	87.63	76.54
Employees share based payment cost	-	(0.46)
Dividend from current investments	(49.75)	(44.19)
Dividend from subsidiary company	(373.23)	-
Interest income	(26.37)	(31.59)
Provision for doubtful accounts (net)	(12.92)	9.12
Loss on sale / diminution in value of investments (net)	-	0.17
Bad Debts written off	1.27	-
Deferred settlement loss relating to roll-over cash flow hedges	334.74	148.42
Loss / (Profit) on sale of fixed assets (net)	1.14	(2.49)
Interest expense	0.18	0.00
Exchange rate difference (net)	7.04	2.69
Provision for obsolete asset	-	7.04
Operating Profit before working capital changes	1,134.71	1,042.69
Adjustments for :		
Trade and other receivables	(88.99)	285.94
Trade and other payables	(164.77)	(160.46)
Cash generated from operations	880.95	1,168.17
Direct taxes paid (net)	(242.91)	(103.48)
Net cash from operating activities	638.04	1,064.69
B Cash flow from investing activities		
Purchase of fixed assets	(108.92)	(84.75)
Proceeds from reduction in trade investment	-	0.45
Purchase of other investments	(6,381.21)	(7,912.72)
Interest received (net of tax Rs. 5.51 million (Rs. 6.32 million)	94.66	38.23
Proceeds from sale / redemption of investments	7,265.78	7,813.23
Dividend from subsidiary company (net of tax Rs. 63.43 million (Rs. Nil))	309.80	-
Dividend from current investments	49.75	44.19
Proceeds from sale of fixed assets	0.18	2.53
Net cash from / (used in) investing activities	1,230.04	(98.84)
C Cash flow from financing activities		
Proceeds from issue of shares	12.02	24.26
Share application money (adjusted) / received	(0.85)	2.84
Interest paid	(0.18)	0.00
Dividend paid (including corporate dividend tax)	(2,580.81)	(5.14)
Net cash (used in) / from financing activities	(2,569.82)	21.96
Net (Decrease) / Increase in cash and cash equivalents	(701.74)	987.81
Cash and cash equivalents at the beginning of the period	1,474.42	1,100.55
Cash and cash equivalents at the end of the period (Refer Note No. 1 below)	772.68	2,088.36
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	930.53	1,431.95
Add : "AAA" rated demand deposits with financial institution	-	807.50
Less : Restricted bank balances	(164.58)	(151.16)
Cash and Cash equivalents as per Note no. 14	765.95	2,088.29
Add : Unrealised loss on foreign currency cash and cash equivalents	6.73	0.07
Total Cash and Cash equivalents	772.68	2,088.36
2 Purchase of Fixed Assets (including movements in Capital work in progress) are considered as a part of investing activities.		
3 Previous period's figures have been regrouped wherever necessary.		
In terms of our attached report of even date		
For Deloitte Haskins & Sells LLP Chartered Accountants	For and on behalf of the Board	
R. D. Kamat (Partner)	R.V.Ramanan (Executive Director and President Global delivery)	Dileep Choksi (Director)
Place : Mumbai Date : 29th April, 2014		

HEXAWARE TECHNOLOGIES LIMITED
NOTES TO 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, 1956/2013 as applicable in India. The Company is engaged in information technology consulting, software development and business process management. Hexaware provides multiple service offerings to its clients across various industries comprising travel, transportation, hospitality, logistics, banking, financial services, insurance, healthcare, manufacturing and services. The various service offerings comprise application development and management, enterprise package solutions, infrastructure management, business intelligence and analytics, business process, quality assurance and independent testing.

These condensed interim financial statements have been prepared using the same basis / accounting policies as those used for the audited financial statements for the year ended on 31st December 2013 and considering the requirements of Accounting Standard 25 "Interim financial reporting".

(Rs. Million)

Particulars	As at 31st March 2014	As at 31st December 2013
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	600.53	599.75
Total	<u>600.53</u>	<u>599.75</u>
c. Reconciliation of number of shares		

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

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

Name of Shareholder	Nos. of Shares held	% of holding	Nos. of Shares held	% of holding
i. HT Global IT Solutions Holdings Ltd. (Holding company)	164,410,799	54.75	164,323,724	54.80
ii. Parel Investment Holdings Ltd (Subsidiary of ultimate holding company, Baring Private Equity Asia GP V, LP.)	27,288,327	9.09	27,288,327	9.10
iii. J P Morgan Chase Bank, NA (unregistered ADR's held by HT Global IT Solutions Holdings Ltd.) (Holding company).	21,111,400	7.03	21,111,400	7.04

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

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

f. Rights, preferences and restrictions attached to equity shares

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

g. Shares reserved for issue under options

The Company has granted employee stock options under ESOP 2002, 2007 and 2008 scheme. Each option entitles the holder to one equity share of Rs. 2 each. 2,409,525 (2,840,525 as on 31st December 2013) options were outstanding as on 31st March 2014.

h. Share application money pending allotment

Share application money received pending allotment is Rs. 0.01 million (Rs. 0.86 million as on 31st December 2013) as at 31st March, 2014 which pertains to 500 (44,000) shares. The Company has sufficient authorised capital to cover the allotment of these shares.

i. The Board of Directors, at its meeting held on 29th April, 2014 has recommended an interim dividend of Rs. 3.00/- per equity share.

HEXAWARE TECHNOLOGIES LIMITED
NOTES TO CONDENSED FINANCIAL STATEMENTS

(Rs. Million)

Particulars	As at 31st March 2014	As at 31st December 2013
3. RESERVES AND SURPLUS		
a. Securities premium account		
Opening balance	4,654.45	4,578.74
Add : Received during the period/year	11.24	72.02
Add : Transfer from employee stock option outstanding	-	3.69
Closing balance	4,665.69	4,654.45
b. Employee stock options outstanding		
Opening balance	-	4.41
Less : Reversal on forfeiture / lapse of stock options granted	-	0.72
Less : Transfer to securities premium account on exercise of stock options	-	3.69
Closing balance	-	-
c. General reserve		
Opening balance	1,876.87	1,542.87
Add : Transfer from statement of profit and loss	-	334.00
Closing balance	1,876.87	1,876.87
d. Hedging reserve		
Opening balance	(1,176.45)	(697.62)
Add : Losses transferred to statement of profit and loss on occurrence of forecasted hedge transaction (net)	264.72	965.50
Add : Changes in the fair value of the effective portion of outstanding cash flow hedges	280.21	(1,444.33)
Closing balance	(631.52)	(1,176.45)
e. Amalgamation reserve	2.88	2.88
f. Special Economic Zone Re-investment reserve		
Opening balance	223.94	-
Add : Transfer from statement of profit and loss	218.51	223.94
Closing balance	442.45	223.94
g. Balance in statement of profit and Loss		
Opening balance	2,703.83	3,822.01
Add : Profit for the period/year	960.41	3,339.66
	3,664.24	7,161.67
Less : Appropriations		
Transfer to Special Economic Zone Re-investment reserve	218.51	223.94
Interim dividend - equity	900.80	3,030.77
Proposed dividend - equity	-	300.27
Tax on dividend (After adjusting tax benefit on dividend distributed by a subsidiary)	99.17	568.86
Transfer to general reserve	-	334.00
Closing balance	2,445.76	2,703.83
Total	8,802.13	8,285.52

HEXAWARE TECHNOLOGIES LIMITED
NOTES TO CONDENSED FINANCIAL STATEMENTS

(Rs. Million)

Particulars	As at 31st March 2014	As at 31st December 2013
4. DEFERRED TAX LIABILITIES		
Deferred tax liabilities		
a. Depreciation	116.55	112.12
b. Deferred settlement loss relating to roll-over of Cash flow hedges	148.38	211.23
	264.93	323.35
Less : Deferred tax assets		
a. Employee benefits	45.71	45.82
b. Provision others	31.27	32.17
	76.98	77.99
Total	187.95	245.36
5. OTHER LONG TERM LIABILITIES		
Capital creditors	6.67	0.17
Total	6.67	0.17
6. OTHER CURRENT LIABILITIES		
a. Unearned revenues	11.18	11.17
b. Unclaimed dividend *	79.64	54.82
c. Other payables		
i. Employee related	183.64	156.98
ii. Statutory liabilities	114.65	91.41
iii. Capital creditors	93.52	104.82
iv. For expenses	147.19	217.61
v. For mark to market losses on derivative contracts	-	40.86
* This figure does not include any amount due and outstanding to be credited to Investor Education and Protection Fund.		
Total	629.82	677.67
7. SHORT TERM PROVISIONS		
a. For employee benefits	42.85	43.64
b. Proposed dividend	1,201.07	2,552.27
c. Tax on proposed dividend	204.12	433.76
d. For tax (net of advance tax)	7.92	20.38
e. Others (Refer Note no. 25)	129.21	133.01
Total	1,585.17	3,183.06

HEXAWARE TECHNOLOGIES LIMITED
NOTES TO CONDENSED FINANCIAL STATEMENTS

8. FIXED ASSETS

(Rs. Million)

Particulars	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
	As at 01.01.2014	Additions	Deductions/ Adjustments	As at 31.03.2014	As at 01.01.2014	For the period/year	Deductions/ Adjustments	As at 31.03.2014	As at 31.03.2014	As at 31.12.2013
i. Tangible Assets										
Land - Freehold	0.15	-	-	0.15	-	-	-	-	0.15	0.15
Land - Leasehold	330.44	-	-	330.44	23.96	0.86	-	24.82	305.62	306.48
Building	1,863.89	4.16	-	1,868.05	108.66	7.49	-	116.15	1,751.90	1,755.23
Plant and Machinery	1,129.56	40.96	0.03	1,170.49	763.09	35.21	0.05	798.25	372.24	366.47
Office Equipments	688.02	6.12	4.75	689.39	350.26	25.38	3.42	372.22	317.17	337.76
Furniture and Fixtures	442.16	-	-	442.16	257.91	8.09	0.13	265.87	176.29	184.25
Vehicles	19.76	-	1.15	18.61	15.38	0.47	1.15	14.70	3.91	4.38
Total	4,473.98	51.24	5.93	4,519.29	1,519.26	77.50	4.75	1,592.01	2,927.28	2,954.72
<i>Previous year</i>	<i>3,840.60</i>	<i>783.83</i>	<i>150.45</i>	<i>4,473.98</i>	<i>1,399.32</i>	<i>270.26</i>	<i>150.32</i>	<i>1,519.26</i>	<i>2,954.72</i>	
ii. Intangible Assets										
Software	210.02	0.86	-	210.88	145.80	10.13	-	155.93	54.95	64.22
Total	210.02	0.86	-	210.88	145.80	10.13	-	155.93	54.95	64.22
<i>Previous year</i>	<i>176.74</i>	<i>33.28</i>	<i>-</i>	<i>210.02</i>	<i>105.76</i>	<i>40.04</i>	<i>-</i>	<i>145.80</i>	<i>64.22</i>	
iii. Capital work-in-progress (mainly in respect of buildings under construction)									263.55	212.47
Grand total	4,684.00	52.10	5.93	4,730.17	1,665.06	87.63	4.75	1,747.94	3,245.78	3,231.41
<i>Previous year</i>	<i>4,017.34</i>	<i>817.11</i>	<i>150.45</i>	<i>4,684.00</i>	<i>1,505.08</i>	<i>310.30</i>	<i>150.32</i>	<i>1,665.06</i>	<i>3,231.41</i>	

Notes:

- Land - Leasehold includes Rs. 90.00 million and Rs. 5.80 million (Rs. 5.58 million) being lease premium and accumulated amortisation in respect of leasehold land allotted to the Company at Nagpur for which final lease agreement is being executed.
- Plant and machinery includes Computer systems.

HEXAWARE TECHNOLOGIES LIMITED
NOTES TO CONDENSED FINANCIAL STATEMENTS

(Rs. Million)

Particulars	As at 31st March 2014	As at 31st December 2013
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. 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
	2,004.94	2,004.94
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	2,009.52
<i>Aggregate value of unquoted investments</i>	2,009.52	2,009.52
10. LONG TERM LOANS AND ADVANCES (UNSECURED)		
Considered good		
i. Capital Advances	11.09	10.16
ii. Security Deposits	71.84	72.65
iii. Advance Income Tax and Fringe benefit Tax (net of provision for tax)	323.63	197.28
iv. MAT Credit Entitlement	773.88	862.83
v. Other Loans and advances	62.27	62.71
	1,242.71	1,205.63
Total	1,242.71	1,205.63
11. OTHER NON-CURRENT ASSETS		
a. Interest accrued on deposits	2.64	0.72
b. Non current bank balances		
Restricted bank balances	164.58	139.78
	167.22	140.50
Total	167.22	140.50
12. CURRENT INVESTMENTS		
Non Trade investment (unquoted) (at cost or fair value whichever is lower)		
Investments in mutual funds	2,447.10	3,331.67
	2,447.10	3,331.67
Total	2,447.10	3,331.67
<i>Aggregate value of unquoted investments.</i>	2,447.10	3,331.67

HEXAWARE TECHNOLOGIES LIMITED
NOTES TO CONDENSED FINANCIAL STATEMENTS

(Rs. Million)

Particulars	As at 31st March 2014	As at 31st December 2013
13. TRADE RECEIVABLES (UNSECURED)		
a. Over six months from the due date		
Considered good	66.89	4.14
Considered doubtful	4.06	8.08
	70.95	12.22
Less : Provision for doubtful accounts	4.06	8.08
	66.89	4.14
b. Others		
Considered good	2,405.12	2,383.81
Considered doubtful	2.03	9.96
	2,407.15	2,393.77
Less : Provision for doubtful accounts	2.03	9.96
	2,405.12	2,383.81
Total	2,472.01	2,387.95
14. CASH AND CASH EQUIVALENTS		
a. Balances with bank		
i. In current accounts	502.86	205.47
ii. Remittance in transit	9.52	-
iii. Bank deposits accounts with less than 3 months maturity	5.07	18.41
	517.45	223.88
b. Other bank balances		
i. Earmarked balances with banks	77.60	77.60
ii. Unclaimed dividend accounts	80.00	55.18
iii. Margin money	6.98	7.00
iv. Bank deposit accounts with more than 12 months maturity	248.50	248.50
v. Bank deposit accounts with more than 3 and upto 12 months maturity	-	702.50
	413.08	1,090.78
Total Cash and Bank Balances	930.53	1,314.66
c. "AAA" rated demand deposits with financial institution	-	300.00
d. Less : Bank balances classified as non current assets		
Restricted bank balances	(164.58)	(139.78)
	(164.58)	(139.78)
Total	765.95	1,474.88
15. SHORT TERM LOANS AND ADVANCES (UNSECURED)		
a. Considered good		
i. Security deposits	4.88	4.22
ii. Loans and advances to related parties (Refer Note No. 22)	271.64	239.33
iii. Other loans and advances (includes service tax receivable, prepaid expenses and employee advances)	286.81	275.30
	563.33	518.85
b. Considered doubtful		
Security deposits	34.71	35.98
Less : Provision for doubtful deposits	34.71	35.98
	-	-
Total	563.33	518.85
16. OTHER CURRENT ASSETS		
a. Interest accrued on deposits	23.48	99.20
b. Unbilled services	227.26	253.88
c. Receivable on account of MTM gains on derivatives contract (net)	363.19	-
Total	613.93	353.08

HEXAWARE TECHNOLOGIES LIMITED
NOTES TO CONDENSED FINANCIAL STATEMENTS

(Rs. Million)

Particulars	Quarter ended 31st March	
	2014	2013
17. OTHER INCOME		
a. Dividend from current investments	49.75	44.19
b. Dividend from subsidiary company	373.23	-
c. Interest income	26.37	31.59
d. (Loss) / Profit on sale of fixed assets (net)	(1.14)	2.49
e. Miscellaneous income	5.15	4.86
Total	453.36	83.13
18. SOFTWARE AND DEVELOPMENT EXPENSES		
a. Consultant travel and related expenses	56.97	53.62
b. Software expenses *	111.65	70.27
Total	168.62	123.89
* includes subcontracting charges	68.12	40.28
19. EMPLOYEE BENEFITS EXPENSES		
a. Salaries and allowances	1,100.39	1,038.11
b. Contribution to provident and other funds	66.15	67.35
c. Staff welfare expenses	37.84	32.94
d. Employee stock option compensation cost	-	(0.46)
Total	1,204.38	1,137.94
20. OPERATIONS AND OTHER EXPENSES		
a. Rent	21.69	21.42
b. Rates and taxes	7.53	5.34
c. Travelling and conveyance expenses	69.29	46.56
d. Electricity charges	29.78	30.69
e. Communication expenses	21.22	20.41
f. Repairs and maintenance	29.91	26.08
g. Printing and stationery	2.75	3.00
h. Auditors remuneration	2.92	2.03
i. Legal and professional fees	17.96	13.37
j. Advertisement and publicity	0.16	0.25
k. Seminar, conference and business promotion expenses	9.32	5.47
l. Bank and other charges	0.73	0.86
m. Directors' sitting fees	0.14	0.26
n. Insurance charges	4.37	5.34
o. Loss on sale of investments	-	0.12
p. Loss on closure of subsidiary company	-	0.05
q. Debts and advances written off (net of recoveries) *	1.27	-
r. Provision for doubtful accounts (Net off write back) **	(12.92)	9.12
s. Staff recruitment expenses	5.04	2.24
t. Service charges	22.78	19.32
u. Provision for obsolete asset	-	7.04
v. Miscellaneous expenses #	4.00	4.23
# includes stamp duty & filing fees, registrar and share transfer expenses, membership and subscription fees etc.		
Total	237.94	223.20
* net of recoveries	-	-
** net of write back	(15.01)	(1.72)

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Explanatory Notes to the Condensed financial statements for the quarter ended 31st March 2014.

21. Contingent Liabilities in respect of

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

Where Company is in appeal

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

Others:

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

22. Related party disclosures

Name of related parties and description of Relationship

Name of the Related Parties	Country
Ultimate Holding Company and It's Subsidiaries	
Baring Private Equity Asia GP V. LP	Cayman Island
The Baring Asia Private Equity Fund V, LP	Cayman Island
Baring Private Equity Asia V Maritius Holding (4) Limited	Mauritius
Parel Investment Holdings Limited	Mauritius
Holding Company	
HT Global IT Solutions Holdings Limited	Mauritius
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 #	Brazil
Key Management Personnel (KMP)	
Mr. Atul K. Nishar – Non Executive Chairman (KMP upto 11th October 2013)	
Mr. R. V. Ramanan – Executive Director and President Global Delivery	
Mr. P. R. Chandrasekar – Vice Chairman and CEO	
Others	
Ms. Kala Ramanan - Relative of KMP - w.e.f. 16th May 2013.	
# Subsidiary of Hexaware Technologies UK Ltd	

Hexaware Technologies Limited

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

(Rupees Million)

Particulars	Name of the Related party and Nature of Relationship	Quarter Ended	Quarter Ended
		31st March 2014	31st March 2013
Software and Consultancy Income	Subsidiaries		
	Hexaware Technologies Inc.	811.57	870.71
	Hexaware Technologies UK Ltd.	146.15	93.54
	Hexaware Technologies GmbH.	133.22	177.46
	Others	85.98	85.77
		1,176.92	1,227.48
Software and development expenses -Sub-contracting charges	Subsidiaries		
	Hexaware Technologies Inc.	40.45	25.76
	Caliber Point Business Solutions Limited	5.17	1.78
	Others	0.73	2.61
		46.35	30.15
Dividend Income	Subsidiaries		
	Hexaware Technologies Inc. USA	373.23	-
Reimbursement of cost to	Subsidiaries:		
	Hexaware Technologies UK Ltd.	5.77	2.83
	Hexaware Technologies Asia Pacific Pte Ltd.	1.87	1.64
	Caliber Point Business Solutions Limited	0.92	0.09
	Others	0.10	0.25
		8.66	4.81
Receiving of Services	Remuneration to Key Management Personnel		
	R.V. Ramanan	2.89	12.63
	Subsidiaries		
Caliber Point Business Solutions Limited	4.34	1.51	
Recovery of cost / advances from	Subsidiaries		
	Hexaware Technologies Inc.	93.13	95.80
	Hexaware Technologies UK Ltd.	28.31	18.82
	Others	14.88	9.60
		136.32	124.22
Guest House Rent	Relative of Key Management Personnel		
	Ms Kala Ramanan	0.28	-

Hexaware Technologies Limited

Outstanding Balances with Subsidiaries

(Rupees Million)

Particulars	As at	As at
	31st March 2014	31st December 2013
Investment in Equity	2,004.94	2,004.94
Receivable towards software and Consultancy Income	1,610.75	1,582.66
Advances	271.64	239.33
Payable towards services and reimbursement of cost	1,411.14	1,395.84

23. Earnings per Share (EPS)

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

(Rupees Million)

Particulars	Quarter Ended	Quarter Ended
	31st March 2014	31st March 2013
Net profit after tax	960.41	706.32
Weighted average outstanding equity shares considered for basic EPS (Nos.)	300,058,414	296,785,093
Basic Earnings per share : (in Rupees)	3.20	2.38
Weighted average outstanding equity shares considered for basic EPS (Nos.)	300,058,414	296,785,093
Add : Effect of dilutive issue of stock options (including share application money received on exercise of options) (Nos.)	1,645,888	3,757,928
Weighted average outstanding equity shares considered for diluted EPS (Nos.)	301,704,302	300,543,021
Diluted Earnings per share : (in Rupees)	3.18	2.35

24. Derivative Instruments:

- (i) Forward exchange contracts to sell US Dollar 134.12 Million and Euro 7.41 Million are outstanding as of 31st March 2014. (31st December 2013 US Dollar 162.56 Million and Euro 9.33 Million).
- (ii) Fair value net gain of the derivative instruments identified as cash flow hedges is Rs. 363.19 million as at 31st March 2014. (31st December 2013 net loss of Rs. 40.86 million)
- (iii) Net loss of Rs. 631.52 recognized in Hedging Reserve as of 31st March 2014 is expected to be classified to statement of profit and loss over two years (31st December 2013 net loss of Rs. 1,176.45 million).

25. "Provision Others" includes provisions towards expenditure relating employee benefit obligations on contract acquisition, the outflow for which is expected in the next twelve months.

(Rupees Million)

Particulars	Quarter Ended	Year Ended
	31st March 2014	31st December 2013
Provision at the beginning of the period / year	133.01	169.82
Provision made during the period / year	-	-
Paid / Adjusted during the period / year	(3.80)	(36.81)
Provision at the end of the period / year	129.21	133.01

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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 financials 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 : 29th April 2014
