

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
HEXAWARE TECHNOLOGIES LIMITED**

Report on the Financial Statements

We have audited the accompanying financial statements of **HEXAWARE TECHNOLOGIES LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st December, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management 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 Standards specified under the Companies Act, 1956 ("the Act") (which are deemed to be applicable as per Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014) and in accordance with the 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st December, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- 1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order for the year ended 31st December, 2014, to the extent the same are applicable to the Company.
- 2. As required by Section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

- (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards specified under the Companies Act, 1956 (“the Act”) (which are deemed to be applicable as per Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014).
- (c) Since the provisions of Section 274(1)(g) of the Act are not in effect from 1st April, 2014, the reporting requirement under Section 227(3)(f) of the Act is not applicable as of the balance sheet date.

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

Abhijit A. Damle
Partner
(Membership No. 102912)

MUMBAI, 10th February, 2015

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

Re: Hexaware Technologies Limited

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- i) In respect of its fixed assets:
 - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) As per information and explanation given to us, physical verification of fixed assets was carried out by the Management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and nature of its assets.
 - c) The fixed assets disposed off during the year, in our opinion do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- ii) The activities of the Company and the nature of its business do not involve the use of inventory. Accordingly, clause 4(ii) of the Companies (Auditor's Report) Order, 2003 is not applicable.
- iii) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956, during the period the said Section was applicable. Accordingly, clause 4(iii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
- iv) In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and nature of its business for the purchase of fixed assets and for the sale of services. The activities of the Company do not involve purchase of inventory and sale of goods. During the course of our audit, we have not observed any major weaknesses in such internal control system.

- v) In respect of contracts and arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
 - a) The particulars of contracts or arrangements referred to in Section 301 that needed to be entered into the Register maintained under the said Section have been so entered for the period the said Section was applicable.
 - b) Where each of such transactions made in pursuance of such contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956, for the period the said Section was applicable, is in excess of Rs. 5 lacs during such period in respect of any party, the transactions have been made at prices, which are, *prima facie*, reasonable having regard to the prevailing market prices at the relevant time.
- vi) During the period the provisions of Sections 58A and 58AA and other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the acceptance of deposits from the public were applicable, in our opinion and according to the information and explanations given to us, the Company has not accepted such deposits. Therefore, the provisions of clause 4 (vi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- vii) In our opinion, the internal audit functions carried out during the year by the firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and nature of its business.
- viii) According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act, for the period the said Section was applicable. Therefore, the provisions of clause 4 (viii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- ix) According to the information and explanations given to us in respect of statutory dues:
 - a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
 - b) There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Cess and other material statutory dues were in arrears as at 31st December, 2014 for a period of more than six months from the date they became payable.

- c) There are no dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty and Cess, which have not been deposited as on 31st December, 2014 on account of disputes, except as follows:

Name of statute	Nature of the dues	Amount (Rupees in Million)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	1.46	Assessment Year 2009-10	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	4.17	Assessment Year 2010-11	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	2.76	Assessment Year 2011-12	Commissioner of Income Tax (Appeals)

- x) The Company does not have accumulated losses at the end of the financial year and the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- xi) In our opinion and according to the information and explanations given to us, the Company has not borrowed any amounts from financial institutions, banks or by issue of debentures.
- xii) According to the information and explanations given to us, the Company has not given any loans and advances on the basis of security by way of pledge of shares, debentures and other securities and hence the question of maintenance of adequate records for this purpose does not arise.
- xiii) According to the information and explanations given to us, the Company is not a chit fund or a nidhi/mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

- xv) According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from bank and financial institutions. Therefore, the provision of clause 4 (xv) of the Companies (Auditor Report) Order, 2003 are not applicable to the Company.
- xvi) The Company has not taken any term loan during the year. Therefore, the provision of clause 4 (xvi) of the Companies (Auditor Report) Order, 2003 are not applicable to the Company.
- xvii) In our opinion and according to information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have, *prima facie*, not been used during the year for long-term investment.
- xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956, during the period the said Section was applicable.
- xix) The Company has not issued any debentures during the year, hence the question of creation of security or charge in respect of debentures issued does not arise.
- xx) The Company has not raised any money by way of public issues during the year.
- xxi) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

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

Abhijit A. Damle
Partner
(Membership No. 102912)

MUMBAI, 10th February, 2015

HEXAWARE TECHNOLOGIES LIMITED
BALANCE SHEET AS AT 31ST DECEMBER, 2014

(Rs. Million)

Particulars	Note No.	As at 31st December 2014	As at 31st December 2013
I. EQUITY AND LIABILITIES			
Share holders' funds			
a. Share capital	2	601.85	599.75
b. Reserves and surplus	3	9,771.53	8,285.52
		10,373.38	8,885.27
Share application money pending allotment	2	0.45	0.86
Non-current liabilities			
a. Deferred tax liabilities (net)	4	118.68	245.36
b. Other Long term liabilities	5	31.65	0.17
c. Long-term provisions - Employee benefits		281.39	171.26
		431.72	416.79
Current liabilities			
a. Trade payables	36	1,707.24	1,489.84
b. Other current liabilities	6	868.39	677.67
c. Short term provisions	7	1,020.41	3,183.06
		3,596.04	5,350.57
Total		14,401.59	14,653.49
II. ASSETS			
Non-current assets			
a. Fixed assets	8		
i. Tangible assets		2,998.10	2,954.72
ii. Intangible assets		105.16	64.22
iii. Capital work-in-progress		346.50	212.47
		3,449.76	3,231.41
b. Non-current investments	9	1,935.60	2,009.52
c. Long-term loans and advances	10	1,593.45	1,205.63
d. Other non-current assets	11	206.21	140.50
		7,185.02	6,587.06
Current assets			
a. Current investments	12	1,850.96	3,331.67
b. Trade receivables	13	3,403.02	2,387.95
c. Cash and cash equivalents	14	1,104.22	1,474.88
d. Short-term loans and advances	15	600.20	518.85
e. Other current assets	16	258.17	353.08
		7,216.57	8,066.43
Total		14,401.59	14,653.49
III. NOTES FORMING PART OF FINANCIAL STATEMENTS	1 to 38		
In terms of our attached report of even date			
For Deloitte Haskins & Sells LLP		For and on behalf of the board	
Chartered Accountants			
Abhijit A. Damle (Partner)	Atul K. Nishar (Chairman)	R. Srikrishna (CEO & Executive Director)	
	P. R. Chandrasekar (Vice Chairman)	Jimmy Mahtani (Director)	Dileep Choksi (Director)
	Bharat Shah (Director)	Basab Pradhan (Director)	Christian Oecking (Director)
	Rajesh Kanani (Chief Financial Officer)	Gunjan Methi (Company Secretary)	
Place : Mumbai			
Date : 10th February, 2015			

HEXAWARE TECHNOLOGIES LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST DECEMBER, 2014

(Rs. Million)

Particulars	Note No.	For the year ended 31st December 2014	For the year ended 31st December 2013
I. INCOME			
a. Revenue from operations		11,545.56	10,199.54
b. Other income	17	594.80	333.23
		<u>12,140.36</u>	<u>10,532.77</u>
II. EXPENSES			
a. Software and development expenses	18	679.41	525.33
b. Employee benefits expenses	19	5,672.19	4,400.04
c. Operation and other expenses	20	1,275.07	954.05
d. Exchange rate difference (net)		295.89	241.43
e. Interest - others		8.35	1.35
f. Depreciation and amortisation expenses	8	391.69	310.30
		<u>8,322.60</u>	<u>6,432.50</u>
PROFIT BEFORE TAX		<u>3,817.76</u>	<u>4,100.27</u>
TAX EXPENSE			
a. Income tax-current ((including Rs. nil pertaining to previous year (Rs. -11.98 million))		813.13	831.26
b. Less : MAT credit entitlement		<u>(22.46)</u>	<u>(214.22)</u>
Net current tax expense		790.67	617.04
c. Income Tax - Deferred		<u>(156.87)</u>	<u>143.57</u>
		<u>633.80</u>	<u>760.61</u>
PROFIT FOR THE YEAR		<u>3,183.96</u>	<u>3,339.66</u>
Earnings per share (in Rupees)	23		
Basic		10.60	11.19
Diluted		10.55	11.09
Face value of equity share (in Rupees)		2.00	2.00
III. NOTES FORMING PART OF FINANCIAL STATEMENTS	1 to 38		

In terms of our attached report of even date

For Deloitte Haskins & Sells LLP Chartered Accountants
For and on behalf of the board

Abhijit A. Damle
(Partner)

Atul K. Nishar
(Chairman)

R. Srikrishna
(CEO & Executive Director)

P. R. Chandrasekar
(Vice Chairman)

Jimmy Mahtani
(Director)

Dileep Choksi
(Director)

Bharat Shah
(Director)

Basab Pradhan
(Director)

Christian Oecking
(Director)

Rajesh Kanani
(Chief Financial Officer)

Gunjan Methi
(Company Secretary)

Place : Mumbai

Date : 10th February, 2015

HEXAWARE TECHNOLOGIES LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2014

(Rs. Million)

Particulars	For the year ended 31st December	
	2014	2013
A Cash flow from operating activities		
Net Profit before tax	3,817.76	4,100.27
Adjustments for :		
Depreciation and amortisation expenses	391.69	310.30
Employees share based payment cost	-	(0.46)
Dividend from current investments	(125.74)	(157.20)
Dividend from subsidiary company	(373.23)	-
Interest income	(54.22)	(165.28)
Provision for doubtful accounts (net)	(1.94)	17.94
(Profit) / Loss on sale / diminution in value of investments (net)	(0.44)	7.24
Debts and advances written off	1.70	-
Deferred settlement loss / (gain) relating to roll-over cash flow hedges	998.39	(679.07)
Loss / (Profit) on sale of fixed assets (net)	0.50	(2.06)
Interest expense	8.35	1.35
Exchange rate difference (net) - unrealised	(0.83)	1.49
Obsolete asset written off (net)	-	7.03
Operating Profit before working capital changes	4,661.99	3,441.55
Adjustments for :		
Trade and other receivables	(893.90)	(24.00)
Trade and other payables	256.21	(13.24)
Cash generated from operations	4,024.30	3,404.31
Direct taxes paid (net)	(792.54)	(719.26)
Net cash from operating activities	3,231.76	2,685.05
B Cash flow from investing activities		
Purchase of fixed assets	(445.69)	(315.80)
Purchase of trade investments	(85.00)	-
Proceeds from reduction of trade investment	-	0.45
Purchase of current investments	(24,865.51)	(33,831.02)
Loan to a subsidiary	(200.00)	-
Interest received (net of tax Rs. 10.90 million (Rs. 16.09 million))	140.74	88.96
Proceeds from sale / redemption of current investments	26,393.06	32,841.99
Dividend from subsidiary company (net of tax Rs. 63.43 million (Rs. Nil))	309.80	-
Dividend from current investments	125.74	157.20
Proceeds from sale of fixed assets	185.99	1.72
Net cash from / (used in) investing activities	1,559.13	(1,056.50)
C Cash flow from financing activities		
Proceeds from issue of shares	48.46	78.68
Share application money adjusted	(0.41)	0.48
Interest paid	(8.35)	(1.35)
Dividend paid (including corporate dividend tax)	(5,400.35)	(1,332.49)
Net cash (used in) financing activities	(5,360.65)	(1,254.68)
Net (Decrease) / Increase in cash and cash equivalents	(569.76)	373.87
Cash and cash equivalents at the beginning of the year	1,474.42	1,100.55
Cash and cash equivalents taken over consequent to merger (Refer Note no. 35)	198.37	-
Cash and cash equivalents at the end of the year (Refer Note No. 1 below)	1,103.03	1,474.42
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	1,301.40	1,314.66
Add : "AAA" rated demand deposits with financial institution	-	300.00
Less : Restricted bank balances	(197.18)	(139.78)
Cash and Cash equivalents	1,104.22	1,474.88
Add : Unrealised (gain) on foreign currency cash and cash equivalents	(1.19)	(0.46)
Total Cash and Cash equivalents	1,103.03	1,474.42
2 Previous period's figures have been regrouped wherever necessary.		
3 The amalgamation of wholly owned subsidiary, Caliber Point Business Solutions Limited and the consequent additions to assets and liabilities has been treated as a non-cash transaction. (Refer Note no. 35)		
In terms of our attached report of even date		
For Deloitte Haskins & Sells LLP Chartered Accountants	For and on behalf of the Board	
Abhijit A. Damle (Partner)	Atul K. Nishar (Chairman)	R. Srikrishna (CEO & Executive Director)
	P. R. Chandrasekar (Vice Chairman)	Jimmy Mahtani (Director)
	Bharat Shah (Director)	Basab Pradhan (Director)
	Rajesh Kanani (Chief Financial Officer)	Dileep Choksi (Director)
		Christian Oecking (Director)
		Gunjan Methi (Company Secretary)
Place : Mumbai		
Date : 10th February, 2015		

1 A 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 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.

B Significant Accounting Policies

i) Basis of Preparation of Financial Statements

These financial statements are prepared in accordance with generally accepted accounting principles applicable in India under the historical cost convention except for certain financial instruments which are measured at fair value. These financial statements comply with the applicable provisions of the Companies Act, 1956/ 2013 and the accounting standards.

ii) Use of Estimates

The preparation of the financial statements, in conformity with the generally accepted accounting principles, requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities and disclosures relating to contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognised in the period in which the results are known / materialised. Example of such estimates include provision for doubtful debts, employee benefits, provision for income taxes, accounting for contract costs expected to be incurred to complete software development, the useful lives of depreciable fixed assets and provisions for impairment.

iii) Revenue Recognition

Revenues from software solutions and consulting services are recognized on specified terms of contract. In case of contract on time and material basis revenue is recognised when the related services are performed and in case of fixed price contracts revenue is recognized using percentage of completion method of accounting. The cumulative impact of any revision in estimates of the percentage of work completed is reflected in the year in which the change becomes known. Provisions for estimated losses on such engagements are made during the year in which a loss becomes probable and can be reasonably estimated. Amount received or billed in advance of services performed are recorded as unearned revenue. Unbilled services included in other current assets represents amount recognized based on services performed in advance of billing in accordance with contract terms. Revenue is reported net of discount / incentive.

Revenue from business process management arises from unit – priced contracts, time based contracts, cost based projects and engagement services. Such revenue is recognised on completion of the related services and is billed in accordance with the specific terms of the contract with the client.

Dividend income is recognised when right to receive is established.

Interest Income is recognised on time proportion basis.

Profit on sale of investments is recorded on transfer of title from the Company and is determined as the difference between the sales price and the then carrying value of the investment.

iv) Fixed Assets

Fixed assets are stated at cost of acquisition less accumulated depreciation / amortisation and impairment loss, if any. Cost includes all expenses incurred for acquisition of assets to bring these to working conditions for intended use.

v) Depreciation and Amortisation

Depreciation and amortisation on fixed assets is provided on straight-line method based on the estimated useful lives of the assets as follows

Asset Class	Estimated Useful Life
Building	61 years
Computer Systems (included in Plant and Machinery)	3 years
Office Equipment	5 years
Electrical Fittings (included in Plant and Machinery)	8 years
Furniture and Fixtures	8 years
Vehicles	4 years
Leasehold Land	Over the lease period
Improvements to leased Premises	Over the lease period
Software	3 years

vi) Investments

Long term investments are stated at cost. Provision is made for diminution in the value of long term investments, if such diminution is other than temporary. Current investments are carried at cost or fair value, whichever is lower.

vii) Foreign Currency Transaction / Translation

Transactions in foreign currency are recorded at the original rate of exchange in force at the time transactions are effected. Exchange differences arising on settlement of foreign currency transactions are recognized in the Statement of Profit and Loss. Monetary items denominated in foreign currency are restated using the exchange rate prevailing at the date of the Balance Sheet and the resulting net exchange difference is recognized in the Statement of Profit and Loss.

In respect of forward contracts entered into to hedge foreign currency exposure in respect of recognized monetary items, the premium or discount on such contracts is amortized over the life of the contract. The exchange difference measured by the change in exchange rate between the inception dates of the contract / last reporting date as the case may be and the balance sheet date is recognized in the Statement of Profit and Loss. Any gain / loss on cancellation of such forward contracts are recognised as income / expense of the period.

Foreign Branches

In respect of the foreign branches, being integral foreign operations, all revenues and expenses during the year are reported at average rate prevailing during the period. Monetary assets and liabilities are restated at the year-end exchange rate. Non-monetary assets and liabilities are stated at the rate prevailing on the date of the transaction. Balance in 'head office' account whether debit or credit is translated at the amount of the balance in the 'foreign branch' account in the books of the head office. Net gain / loss on foreign currency translation is recognized in the Statement of Profit and Loss.

viii) Derivative instruments and hedge accounting

The Company enters into foreign currency forward contracts and currency options contracts to hedge its risks associated with foreign currency fluctuations relating to highly probable forecast transactions. The Company designates these instruments as cash flow hedges applying the recognition and measurement principles set out in the Accounting Standard (AS) 30 "Financial Instruments: Recognition and Measurement". These instruments are initially measured at fair value and are re-measured at subsequent reporting dates. Accordingly, the Company records the cumulative gain or loss on effective cash flow hedges in the Hedging Reserve account until the forecasted transaction materializes. Gain or loss on ineffective cash flow hedges is recognized in the Statement of Profit and Loss. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in hedging reserve is transferred to the Statement of Profit and Loss.

ix) Employee Benefits

i. Post-employment benefits and other long term benefit plans:

Payments to defined contribution schemes are expensed as incurred. For defined benefit schemes and other long term benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognized in full in the Statement of Profit and Loss for the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight line basis over the average period until the benefits become vested. The retirement benefit liability recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the lower of the amount determined as the defined benefit liability and the present value of available refunds and /or reduction in future contributions to the scheme.

ii. Short term employee benefits:

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees is recognized as an expense during the period when the employee renders those services. These benefits include compensated absences such as leave expected to be availed within a year and bonus payable.

x) Borrowing costs

Borrowing costs attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to revenue.

xi) Leases

i. Finance Lease

Assets taken on finance lease are accounted for as fixed assets at lower of present value of the minimum lease payments and the fair value and a liability is recognised for an equivalent amount. Lease payments are apportioned between finance charge and reduction in outstanding liability.

ii. Operating Leases

Assets taken on lease under which all risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under operating leases are recognised as expenses on straight line basis over the lease term.

Furnished and equipped premises leased out under operating lease are capitalised in the books of the Company. Lease income is recognised over the lease term on a straight line basis.

xii) Taxes on Income

Income Taxes are accounted for in accordance with Accounting Standard (AS 22) on "Accounting for Taxes on Income". Tax expense comprises of current tax and deferred tax. Current tax is measured at the amount expected to be paid or recovered from the tax authorities using the applicable tax rates. Deferred taxes are recognised for future tax consequence attributable to timing difference between taxable income and accounting income, measured at relevant enacted / substantively enacted tax rates.

In the event of unabsorbed depreciation and carry forward losses, deferred tax assets are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available to realise such assets. In other situations, deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available to realise these assets.

Minimum Alternate Tax (MAT) credit entitlement is recognized in accordance with the Guidance Note on "Accounting for credit available in respect of Minimum Alternate Tax under the Income Tax Act, 1961" issued by The Institute of Chartered Accountants of India (ICAI). MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will be able to adjust against the normal income tax during the specified period. At each balance sheet date, the Company reassesses MAT credit assets and adjusts the same, where required.

Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the entity intends to settle the asset and liability on a net basis.

xiii) Impairment of assets

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

xiv) Share based compensation

The compensation cost of stock options granted to employees is measured by the intrinsic value method, i.e. difference between the market price of the Company's shares on the date of grant of options and the exercise price to be paid by the option holders. The compensation cost, if any, is amortised over the vesting period of the options.

xv) Provisions, Contingent Liabilities and Contingent assets

Provisions involving substantial degree of estimation in measurement are recognised when as a result of past events there is a present obligation that can be estimated reliably and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised, but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.

xvi) Cash and Cash Equivalents

Cash and cash equivalents comprise of cash, current account balances and demand deposit with banks and financial institutions.

HEXAWARE TECHNOLOGIES LIMITED
NOTES TO FINANCIAL STATEMENTS

(Rs. Million)

Particulars	As at 31st December 2014		As at 31st December 2013	
2. SHARE CAPITAL				
a. Authorised				
475,000,000 (325,000,000) Equity shares of Rs. 2/- each (Refer Note no. 35)	950.00		650.00	
1,100,000 Series "A" Preference shares of Rs. 1,421/- each (Authorised Preference share capital can be either cumulative or non cumulative with a power to the Company to convert the same into equity shares at any time.)	1,563.10		1,563.10	
Total	<u>2,513.10</u>		<u>2,213.10</u>	
b. Issued, subscribed and paid-up capital				
Equity Shares of Rs. 2/- each fully paid	601.85		599.75	
Total	<u>601.85</u>		<u>599.75</u>	
c. Reconciliation of number of shares				
Particulars	Numbers	Amount	Numbers	Amount
Shares outstanding at the beginning of the year	299,875,947	599.75	296,544,791	593.09
Shares issued during the year	1,047,525	2.10	3,331,156	6.66
Shares outstanding at the end of the year	300,923,472	601.85	299,875,947	599.75
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
i. HT Global IT Solutions Holdings Ltd. (Holding company)	215,047,193	71.46	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	9.10
iii. JP Morgan Chase Bank, NA (unregistered ADR's held by HT Global IT Solutions Holdings Ltd.)	-	-	21,111,400	7.04
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. Each option entitles the holder to one equity share of Rs. 2 each. 1,576,500 (2,840,525) options were outstanding as on 31st December, 2014. (Refer note no. 26)				
h. Share application money pending allotment				
Share application money pending allotment is Rs.0.45 million (Rs.0.86 million) as at 31st December 2014 which pertains to 36,000 (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 10th February, 2015 has recommended interim dividend of Rs. 2.50/- per equity share.				

HEXAWARE TECHNOLOGIES LIMITED
NOTES TO FINANCIAL STATEMENTS

(Rs. Million)

Particulars	As at	
	31st December 2014	31st December 2013
3. RESERVES AND SURPLUS		
a. Securities premium account		
Opening balance	4,654.45	4,578.74
Add : On merger of Caliber Point Business Solutions Limited (Refer Note no. 35)	41.12	-
Add : Received during the year	46.36	72.02
Add : Transfer from employee stock option outstanding	-	3.69
Closing balance	<u>4,741.93</u>	<u>4,654.45</u>
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	<u>-</u>	<u>-</u>
c. General reserve		
Opening balance	1,876.87	1,542.87
Add : On merger of Caliber Point Business Solutions Limited (Refer Note no. 35)	300.00	-
Add : Transfer from Balance in Statement of Profit and Loss	-	334.00
Less : Excess of Investment in Caliber Point Business Solutions Limited over its share capital (Refer Note no. 35)	41.12	-
Closing balance	<u>2,135.75</u>	<u>1,876.87</u>
d. Hedging reserve		
Opening balance	(1,176.45)	(697.62)
Add : On merger of Caliber Point Business Solutions Limited (Refer Note no. 35)	(62.96)	-
Add : Losses transferred to Statement of Profit and Loss on occurrence of forecasted hedge transactions (net)	759.56	965.50
Add : Changes in the fair value of the effective portion of outstanding cash flow hedges	226.84	(1,444.33)
Closing balance	<u>(253.01)</u>	<u>(1,176.45)</u>
e. Amalgamation reserve	2.88	2.88
f. Special Economic Zone Re-investment reserve		
Opening balance	223.94	-
Add : Transfer from Balance in Statement of Profit and Loss	176.38	223.94
Less : Transfer to Statement of Profit and Loss on utilisation for acquisition of plant and machinery	118.93	-
Closing balance	<u>281.39</u>	<u>223.94</u>
g. Balance in Statement of Profit and Loss		
Opening balance	2,703.83	3,822.01
Add : On merger of Caliber Point Business Solutions Limited (Refer Note no. 35)		
Balance as at 1st April, 2013	382.66	-
Profit for the period from 1st April 2013 to 31st December 2013	(29.75)	-
Add : Transfer from Special Economic Zone Re-investment reserve	118.93	-
Add : Profit for the year	<u>3,183.96</u>	<u>3,339.66</u>
	6,359.63	7,161.67
Less : Appropriations		
Transfer to Special Economic Zone Re-investment reserve	176.38	223.94
Interim dividend - equity	2,840.97	3,030.77
Proposed dividend - equity	-	300.27
Tax on dividend (After adjusting tax benefit on dividend distributed by a subsidiary)	479.69	568.86
Transfer to general reserve	-	334.00
Closing balance	<u>2,862.59</u>	<u>2,703.83</u>
Total	<u><u>9,771.53</u></u>	<u><u>8,285.52</u></u>

HEXAWARE TECHNOLOGIES LIMITED
NOTES TO FINANCIAL STATEMENTS

(Rs. Million)

Particulars	As at 31st December 2014	As at 31st December 2013
4. DEFERRED TAX LIABILITIES		
Deferred tax liabilities		
a. Depreciation	149.50	112.12
b. Deferred settlement loss relating to roll-over of Cash flow hedges	35.36	211.23
	<u>184.86</u>	<u>323.35</u>
Less : Deferred tax assets		
a. Employee benefits	62.59	45.82
b. Provision for doubtful receivables	3.59	-
c. Provision others	-	32.17
	<u>66.18</u>	<u>77.99</u>
Total	<u><u>118.68</u></u>	<u><u>245.36</u></u>
5. OTHER LONG TERM LIABILITIES		
a. Capital creditors	5.87	0.17
b. Liability for mark to market losses on derivative contracts (net)	25.19	-
b. Other liabilities	0.59	-
	<u>31.65</u>	<u>0.17</u>
Total	<u><u>31.65</u></u>	<u><u>0.17</u></u>
6. OTHER CURRENT LIABILITIES		
a. Unearned revenues	45.89	11.17
b. Unclaimed dividend *	96.40	54.82
c. Other payables		
i. Employee related	228.90	156.98
ii. Statutory liabilities	115.73	91.41
iii. Capital creditors	76.50	104.82
iv. For expenses	253.43	217.61
v. For mark to market losses on derivative contracts (net)	51.54	40.86
* This figure does not include any amount due and outstanding to be credited to Investor Education and Protection Fund.		
	<u>868.39</u>	<u>677.67</u>
Total	<u><u>868.39</u></u>	<u><u>677.67</u></u>
7. SHORT TERM PROVISIONS		
a. For employee benefits	49.52	43.64
b. Proposed dividend	752.31	2,552.27
c. Tax on proposed dividend	154.03	433.76
d. For tax (net of advance tax) (net of MAT credit availed Rs. 56.85 million (Rs. Nil))	30.09	20.38
e. Others (Refer Note no. 30)	34.46	133.01
	<u>1,020.41</u>	<u>3,183.06</u>
Total	<u><u>1,020.41</u></u>	<u><u>3,183.06</u></u>

HEXAWARE TECHNOLOGIES LIMITED
NOTES TO FINANCIAL STATEMENTS

8. FIXED ASSETS

(Rs. Million)

Particulars	GROSS BLOCK					DEPRECIATION AND AMORTISATION					NET BLOCK	
	As at 01.01.2014	Addition on merger (Refer Note no. 35)	Additions	Deductions/ Adjustments	As at 31.12.2014	As at 01.01.2014	Addition on merger (Refer Note no. 35)	For the year	Deductions/ Adjustments	As at 31.12.2014	As at 31.12.2014	As at 31.12.2013
i. Tangible Assets												
Land - Freehold	0.15	-	-	-	0.15	-	-	-	-	-	0.15	0.15
Land - Leasehold	330.44	31.71	-	201.08	161.07	23.96	1.77	3.53	16.36	12.90	148.17	306.48
Building	1,863.89	364.26	19.57	(0.39)	2,248.11	108.66	33.58	36.41	-	178.65	2,069.46	1,755.23
Plant and Machinery	1,129.56	172.82	122.08	9.70	1,414.76	763.09	148.63	156.24	8.89	1,059.07	355.69	366.47
Office Equipments	688.02	48.32	17.90	5.33	748.91	350.26	42.05	104.00	4.26	492.05	256.86	337.76
Furniture and Fixtures	442.16	64.23	3.11	0.77	508.73	257.91	54.24	37.00	1.26	347.89	160.84	184.25
Vehicles	19.76	5.64	-	1.78	23.62	15.38	3.08	2.66	1.57	19.55	4.07	4.38
Leasehold Improvements	-	5.55	0.20	0.78	4.97	-	1.34	1.55	0.78	2.11	2.86	-
Total	4,473.98	692.53	162.86	219.05	5,110.32	1,519.26	284.69	341.39	33.12	2,112.22	2,998.10	2,954.72
<i>Previous year</i>	<i>3,840.60</i>	<i>-</i>	<i>783.83</i>	<i>150.45</i>	<i>4,473.98</i>	<i>1,399.32</i>	<i>-</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	38.20	81.36	-	329.58	145.80	28.32	50.30	-	224.42	105.16	64.22
Total	210.02	38.20	81.36	-	329.58	145.80	28.32	50.30	-	224.42	105.16	64.22
<i>Previous year</i>	<i>176.74</i>	<i>-</i>	<i>33.28</i>	<i>-</i>	<i>210.02</i>	<i>105.76</i>	<i>-</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)												
											346.50	212.47
Grand total	4,684.00	730.73	244.22	219.05	5,439.90	1,665.06	313.01	391.69	33.12	2,336.64	3,449.76	3,231.41
<i>Previous year</i>	<i>4,017.34</i>	<i>-</i>	<i>817.11</i>	<i>150.45</i>	<i>4,684.00</i>	<i>1,505.08</i>	<i>-</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. 6.49 million (Rs. 5.58 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 FINANCIAL STATEMENTS

(Rs. Million)

Particulars	As at	
	31st December 2014	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. Nil (11,780,000) shares of Rs. 10/- each fully paid up in Caliber Point Business Solutions Limited (Refer Note no. 35)	-	158.92
g. 9,500,000 (1,000,000) shares of Rs. 10/- each fully paid up in Risk Technology International Limited	93.50	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
	<u>1,931.02</u>	<u>2,004.94</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>1,935.60</u>	<u>2,009.52</u>
<i>Aggregate value of unquoted investments</i>	1,935.60	2,009.52
10. LONG TERM LOANS AND ADVANCES (UNSECURED)		
Considered good		
a. Loans to related parties (Refer Note no. 27)	200.00	-
b. Capital Advances	56.44	10.16
c. Security Deposits	114.10	72.65
d. Advance Income Tax and Fringe benefit Tax (net of provision for tax)	334.76	197.28
e. MAT Credit Entitlement	828.44	862.83
f. Other Loans and advances (includes service tax receivable, prepaid expenses etc.)	59.71	62.71
	<u>1,593.45</u>	<u>1,205.63</u>
11. OTHER NON-CURRENT ASSETS		
a. Interest accrued on deposits	9.03	0.72
b. Non current bank balances		
Restricted bank balances (Refer Note no. 14)	197.18	139.78
	<u>206.21</u>	<u>140.50</u>

HEXAWARE TECHNOLOGIES LIMITED
NOTES TO FINANCIAL STATEMENTS

(Rs. Million)

Particulars	As at 31st December 2014	As at 31st December 2013
13. TRADE RECEIVABLES (UNSECURED)		
a. Over six months from the due date		
Considered good	-	4.14
Considered doubtful	12.32	8.08
	<u>12.32</u>	<u>12.22</u>
Less : Provision for doubtful receivables	<u>12.32</u>	<u>8.08</u>
	-	4.14
b. Others		
Considered good	3,403.02	2,383.81
Considered doubtful	9.18	9.96
	<u>3,412.20</u>	<u>2,393.77</u>
Less : Provision for doubtful receivables	<u>9.18</u>	<u>9.96</u>
	<u>3,403.02</u>	<u>2,383.81</u>
Total	<u><u>3,403.02</u></u>	<u><u>2,387.95</u></u>
14. CASH AND CASH EQUIVALENTS		
a. Balances with banks		
i. In current accounts	1,088.13	205.47
ii. Remittances in transit	0.31	-
iii. Bank deposit accounts with less than 3 months maturity	15.78	18.41
	<u>1,104.22</u>	<u>223.88</u>
b. Other bank balances		
i. Earmarked balances with banks	93.31	77.60
ii. Unclaimed dividend accounts	96.76	55.18
iii. Margin money	7.11	7.00
iv. Bank deposit accounts with more than 12 months maturity	-	248.50
v. Bank deposit accounts with more than 3 and upto 12 months maturity	-	702.50
	<u>197.18</u>	<u>1,090.78</u>
Total Cash and Bank Balances	1,301.40	1,314.66
c. "AAA" rated demand deposits with a financial institution	-	300.00
d. Less : Bank balances classified as non current assets		
Restricted bank balances (Refer Note no. 11)	(197.18)	(139.78)
Total	<u><u>1,104.22</u></u>	<u><u>1,474.88</u></u>
15. SHORT TERM LOANS AND ADVANCES (UNSECURED)		
a. Considered good		
i. Security deposits	4.51	4.22
ii. Loans and advances to related parties (Refer Note no. 27)	264.78	239.33
iii. Other loans and advances (includes service tax receivable, prepaid expenses, employee advances etc.)	330.91	275.30
	<u>600.20</u>	<u>518.85</u>
b. Considered doubtful		
Security deposits	34.78	35.98
Less : Provision for doubtful deposits	<u>34.78</u>	<u>35.98</u>
	-	-
Total	<u><u>600.20</u></u>	<u><u>518.85</u></u>
16. OTHER CURRENT ASSETS		
a. Interest accrued on deposits	0.47	99.20
b. Unbilled services	257.70	253.88
Total	<u><u>258.17</u></u>	<u><u>353.08</u></u>

HEXAWARE TECHNOLOGIES LIMITED
NOTES TO FINANCIAL STATEMENTS

(Rs. Million)

Particulars	For the year ended 31st December 2014	For the year ended 31st December 2013
17. OTHER INCOME		
a. Dividend from current investments	125.74	157.20
b. Dividend from subsidiary Company	373.23	-
c. Profit / (Loss) on sale / diminution in value of investments (net)	0.44	(7.19)
d. Interest income	54.22	165.28
e. (Loss) / Profit on sale of fixed assets (net)	(0.50)	2.06
f. Rental income	-	2.41
g. Miscellaneous income	41.67	13.47
Total	594.80	333.23
18. SOFTWARE AND DEVELOPMENT EXPENSES		
a. Consultant travel and related expenses	209.92	214.80
b. Software expenses *	469.49	310.53
Total	679.41	525.33
* includes subcontracting charges	321.59	172.29
19. EMPLOYEE BENEFITS EXPENSES		
a. Salaries and allowances (Refer Note no. 30)	5,104.99	4,045.38
b. Contribution to provident and other funds	352.03	218.75
c. Staff welfare expenses	215.17	136.37
d. Employee stock option compensation cost	-	(0.46)
Total	5,672.19	4,400.04
20. OPERATIONS AND OTHER EXPENSES		
a. Rent (Refer Note no. 28)	124.78	86.03
b. Rates and taxes	26.48	18.83
c. Travelling and conveyance expenses	324.92	213.11
d. Electricity charges	173.71	135.52
e. Communication expenses	149.70	111.91
f. Repairs and maintenance		
Building	21.70	20.32
Plant and Machinery	26.25	17.44
Others	82.43	79.01
	130.38	116.77
g. Printing and stationery	18.62	14.51
h. Auditors remuneration		
Audit Fees	5.80	4.80
Tax Audit Fees	1.57	1.20
Certification work, taxation and other matters	3.26	2.67
	10.63	8.67
i. Legal and professional fees	86.41	50.77
j. Advertisement and publicity	0.65	0.72
k. Seminar, conference and business promotion expenses	26.67	30.31
l. Bank and other charges	4.43	3.89
m. Directors' sitting fees	0.66	1.38
n. Insurance charges	21.79	21.91
o. Fixed assets written off	-	7.03
p. Loss on closure of subsidiary company	-	0.05
q. Debts and advances written off	1.70	-
r. Provision for doubtful accounts (Net off write back) **	(1.94)	17.94
s. Staff recruitment expenses	42.61	15.83
t. Service charges	114.20	83.76
u. Miscellaneous expenses #	18.67	15.11
# includes stamp duty & filing fees, registrar and share transfer expenses, membership and subscription fees etc.		
Total	1,275.07	954.05
** net of write back	(15.19)	(3.72)

21 Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances) Rs. 1,867.43 million (Previous year Rs. 222.33 million)

22 Contingent Liabilities in respect of

a) Claims not acknowledged as debt Rs. 28.14 million (Previous year Rs. 28.14 million).

b) Claims for taxes on income:

i. Where Company is in appeal

Income tax demands of Rs. 8.99 million (Previous year Rs. 112.38 million) have been raised in respect of assessments completed, arising from certain disallowances by the Income tax authorities. 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:

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 in process.

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

Particulars	For the Year ended 31st December	
	2014	2013
Net profit after tax (Rs. million)	3,183.96	3,339.66
Weighted average outstanding equity shares considered for basic EPS (Nos)	300,454,971	298,503,477
Basic Earnings per share: (in Rs.)	10.60	11.19
Weighted average outstanding equity shares considered for basic EPS (Nos)	300,454,971	298,503,477
Add : Dilutive impact of employee stock options (Nos)	1,454,470	2,648,830
Weighted average outstanding equity shares considered for diluted EPS (Nos)	301,909,441	301,152,307
Diluted Earnings per share: (in Rs.)	10.55	11.09

24 The Provision for current income tax is aggregate of the balance tax for three months ended 31st March, 2014 based on the returned income for the year ended 31st March, 2014 and the provision based on the taxable income for the remaining nine months up to 31st December, 2014, the actual tax liability, for which, will be determined on the basis of the results for the year ending 31st March, 2015.

25 Derivative Instruments

a) Forward exchange contracts to Sell USDollar 183.86 million and Euro 2.74 million (Previous year USDollar 162.56 million and Euro 9.33 million) are outstanding as of 31st December, 2014.

Fair value net loss of the derivative instruments identified as cash flow hedges is Rs.76.73 million (Previous year Rs.40.86 million) as at 31st December, 2014.

Net loss of Rs.253.01 million recognized in Hedging Reserve as at 31st December 2014 is expected to be recycled to Statement of Profit and Loss over two years.

b) As at the balance sheet date the Company has net receivable foreign currency exposure that are not hedged by a derivative instrument or otherwise amounting to Rs. 1,710.77 million (Previous year Rs. 74.45 million)

26 Share Based Compensation (ESOP)

a) The Remuneration and Compensation Committee ('Committee') of the Company administers the stock options plans viz. ESOP 2002, 2007 and 2008 plan. Under the plan, the employees of the Company as well as its subsidiaries are granted options entitling them to one equity share of Rs 2/- each for each option granted. Exercise price is the market price of the shares of the Company at the grant date or the price determined by the Committee. The options vest in four equal instalments or as determined by the Committee. The term of the option is seven years from the grant date. The closing dates, being dates after which no further options shall be granted, for ESOP 2007 and 2008 are 10th September 2014 and 29th June 2015 respectively.

b) The particulars of number of options granted and lapsed under the aforementioned Schemes are tabulated below

Particulars	ESOP - 2002		ESOP - 2007		ESOP - 2008		Total	
	Options (nos.)	Weighted ex. Price per share (Rs.)	Options (nos.)	Weighted ex. price per share (Rs.)	Options (nos.)	Weighted ex. price per share (Rs.)	Options (nos.)	Weighted ex. price per share (Rs.)
Outstanding at the beginning of the year	67,500	12.45	2,735,525	49.39	37,500	42.85	2,840,525	48.43
	(257,164)	(12.48)	(6,080,233)	(36.26)	(115,179)	(29.65)	(6,452,576)	(35.20)
Exercised during the year	16,500	12.45	993,525	46.95	37,500	42.85	1,047,525	46.26
	(189,664)	(12.49)	(3,080,353)	(24.21)	(61,139)	(28.22)	(3,331,156)	(23.62)
Lapsed during the year	-	-	216,500	54.69	-	-	216,500	54.69
	(-)	(-)	(264,355)	(40.85)	(16,540)	(5.00)	(280,895)	(38.74)
Outstanding at the year end	51,000	12.45	1,525,500	50.23	-	-	1,576,500	49.01
	(67,500)	(12.45)	(2,735,525)	(49.39)	(37,500)	(42.85)	(2,840,525)	(48.43)
Exercisable as at the year end	51,000	12.45	1,041,750	42.64	-	-	1,092,750	41.23
	(67,500)	(12.45)	(1,382,025)	(34.86)	(-)	(-)	(1,449,525)	(33.82)

Previous Year figures are given in brackets.

c) Range of exercise price and weighted average remaining contractual life (in months) for the options outstanding:

Range of exercise price	As at 31st December, 2014		As at 31st December, 2013	
	Options (Nos)	Life	Options (Nos)	Life
12.45	429,500	14	807,000	27
30.70 - 42.85	137,000	24	347,000	39
51.98 - 79.85	1,010,000	39	1,686,525	52
Total	1,576,500		2,840,525	

d) The movement in Deferred employee compensation expense during the year is as follows:

Rupees million

Particulars	Year 2014	Year 2013
Balance at the beginning of the year	-	0.26
Less: Amortisation for the year	-	(0.46)
Less: Reversal due to forfeiture	-	0.72
Balance carried forward	-	-

e) The Company has followed the Intrinsic Value-based method of accounting for stock options granted. Had the compensation cost for the Company's stock based compensation plan been determined in the manner consistent with the fair value approach as described in the Guidance note on Accounting for Employee Share-based Payments issued by the ICAI, the Company's net income would be lower by Rs. 1.77 million (Previous year Rs. 14.05 million) and earnings per share (EPS) as reported would be lower as indicated below:

Particulars	Year 2014	Year 2013
Basic EPS		
As reported (in Rs.)	10.60	11.19
Adjusted (in Rs.)	10.59	11.14
Diluted EPS		
As reported (in Rs.)	10.55	11.09
Adjusted (in Rs.)	10.54	11.04

27 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
Parel Investment Holdings Limited	Mauritius
Holding Company	
HT Global IT Solutions Holdings Limited (control exists)	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 Limited ⁽¹⁾	India
Focus Frame Europe BV (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
Rampran Infotech Ltd. ⁽⁴⁾	India
Key Management Personnel (KMP)	
Mr. Atul K. Nishar – Non Executive Chairman (KMP upto 11th October 2013)	
Mr. R Srikrishna - Executive Director and CEO (CEO from 28th July 2014)	
Mr. R. V. Ramanan – Executive Director and President Global Delivery (upto 15th September 2014)	
Mr. P. R. Chandrasekar – Vice Chairman and CEO (CEO upto 27th July 2014)	
Others	
Ms. Kala Ramanan - Relative of KMP (upto 15th September 2014)	
<p>Notes:</p> <p>1. Merged with the Company (Refer Note no. 36)</p> <p>2. Subsidiary of Hexaware Technologies Inc.</p> <p>3. Subsidiary of Hexaware Technologies UK Ltd</p> <p>4. Company name struck off from Registrar of Company w.e.f. 23rd May 2013 .</p>	

Details of transactions with party wise details for transactions in excess of 10% of the total transactions			
		Rupees million	
Nature of transactions	Name of the Related party and Relationship	For the Year ended 31st December	
		2014	2013
Investment made during the year	Subsidiaries Risk Technology International Limited	85.00	-
Loan given during the year	Subsidiaries Risk Technology International Limited	200.00	-
Software and consultancy income	Subsidiaries Hexaware Technologies Inc. Hexaware Technologies GmbH. Hexaware Technologies UK Ltd. Others	3,933.80 479.51 567.97 294.07	3,976.20 656.94 384.94 345.14
		5,275.35	5,363.22
Software and development expenses subcontracting charges	Subsidiaries Hexaware Technologies Inc. Caliber Point Business Solutions Limited Others	151.22 - 0.70	91.31 12.25 9.20
		151.92	112.76
Interest income	Subsidiaries Risk Technology International Limited	0.10	-
Dividend Income	Subsidiaries Hexaware Technologies Inc.	373.23	-
Reimbursement of cost to	Subsidiaries Hexaware Technologies Inc. Hexaware Technologies UK Ltd. Hexaware Technologies Asia Pacific Pte. Ltd. Others	73.11 19.97 7.09 0.33	1.16 24.65 8.40 0.31
		100.50	34.52
Receiving of Services	Remuneration to KMP Mr. R.V. Ramanan Mr. R. Srikrishna (including share based payment) Subsidiaries Caliber Point Business Solutions Limited	11.15 23.46 -	28.88 -
		-	9.45
Sale of of assets including recovery of capital	Subsidiaries Risk Technology International Ltd	282.41	-
Rent expense	Subsidiaries Hexaware Technologies Inc. Relative of KMP Ms. Kala Ramanan	0.11 0.89	- 0.70
Recovery of cost / advances from	Subsidiaries Hexaware Technologies Inc. Hexaware Technologies UK Ltd. Others	414.71 174.72 48.59	381.84 100.24 46.93
		638.02	529.01

Rupees million		
Particulars	As at 31st December	
	2014	2013
Outstanding Balances with Subsidiaries		
Investment in equity	1,931.02	2,004.94
Loan given	200.00	-
Receivable towards software and consultancy income	2,372.26	1,582.66
Advances	264.78	239.33
Payable towards services and reimbursement of cost	1,579.89	1,395.84
Payable to KMP	22.22	-

Details of loans and advances in the nature of loans (As required by clause 32 of the listing agreement with the stock exchanges):

Rupees million			
Name of the Party	Relationship	Amount Outstanding	Maximum amount
		as at 31st December 2014	outstanding during the year
Risk Technology International Ltd	Wholly Owned Subsidiary	200.00	200.00

Note :

- Interest @ 9% per annum is charged on the above loan.
- There are no investments by the loanee in the shares of the Company.
- Loan is repayable within 3 years from the date of loan given.

- 28 The Company takes on lease office space and accommodation for its employees under various operating leases. The lease rentals towards operating lease agreements recognised in the Statement of Profit and Loss for the year is Rs. 124.78 million (Previous year Rs. 86.03 million).

The future minimum lease payments and payment profile of the non-cancellable operating leases are as follows:

Particulars	Rupees million	
	As at 31st December	
	2014	2013
Not later than one year	45.64	46.28
Later than one year and not later than five years	122.65	9.16
Total	168.29	55.44

Non-cancellable rentals income recognised in the Statement of Profit and Loss on account of leasing of premises is Rs. Nil (Previous year Rs. 2.16 million).

29 **Employee benefit plans**

i) **Provident Fund and Superannuation Fund**

Both the employees and the Company make monthly contributions to the Provident Fund Plan equal to a specified percentage of the covered employee's salary. In respect of the Company's employees enrolled with the Hexaware Technologies Limited Employees Provided Fund Trust (the 'Trust'), the Company pays a part of the contributions to the Trust. The remaining portion of Company's contribution in respect of such employees and entire contribution in respect of other employees is contributed to the Government administered employee Provident and Pension Fund.

The interest rate payable by the Trust to the beneficiaries every year is being notified by the government. The Company has an obligation to make good the short fall, if any, between the return from the investments of the trust and the notified interest rate. The actuary has accordingly provided a valuation and based on the assumptions mentioned below, there is no shortfall as at 31st December 2014.

Particulars	Rupees million	
	As at 31st December	
	2014	2013
Present value of benefit obligation	1,823.09	1,528.62
Fair value of plan assets	1,823.09	1,528.62
Expected Investment Return	8.80%	8.71%
Remaining term of maturities of plan assets	7.70 years	8.21 years
Expected guaranteed interest rates	8.75%	8.75%

Certain employees of the Company are entitled to benefits under the superannuation plan, a defined contribution plan. The Company makes quarterly voluntary contributions under the superannuation plan to LIC based on a specified percentage of each covered employees salary and recognises such contributions as an expense when incurred and has no further obligation to the plan beyond such contributions.

During the year the Company has recognized expenses towards contributions to provident fund and other funds and superannuation funds of Rs. 241.48 million (Previous year Rs. 189.85 million) and Rs. 9.70 million (Previous year Rs. 6.56 million) respectively.

ii) **Gratuity Plan:**

The Company makes annual contribution to the Employee's Group Gratuity Assurance Scheme, administered by the Life Insurance Corporation of India ('LIC'), a funded defined benefit plan for qualifying employees. The scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment based on completed years of service or part thereof in excess of six months. Vesting occurs on completion of five years of service.

The following table sets out the status of the gratuity plan for the year ended 31st December, 2014:

Rupees million

Particulars	Year 2014	Year 2013
Change in Defined Benefit Obligation		
Opening defined benefit obligation	349.08	323.46
Addition on amalgamation (Refer Note no. 35)	17.28	-
Current service cost	71.27	69.31
Interest cost	38.56	30.81
Actuarial losses / (gains)	16.83	(60.53)
Benefits paid	(24.92)	(13.97)
Closing defined benefit obligation	468.10	349.08
Change in the Fair Value of Assets		
Opening fair value of plan assets	282.18	197.71
Addition on amalgamation (Refer Note no. 35)	0.88	-
Expected return on plan assets	24.42	16.82
Actuarial gains	1.90	4.12
Contribution by employer	34.89	77.50
Benefits paid	(24.92)	(13.97)
Closing fair value of plan assets	319.35	282.18
Net liability as per actuarial valuation	148.75	66.90
Expense for the year		
Current service cost	71.27	69.32
Interest on defined benefit obligation	38.56	30.81
Expected return on plan assets	(24.42)	(16.82)
Actuarial losses / (gains)	14.93	(64.65)
Total Included in Employment expenses	100.34	18.66
Actual return on plan assets	26.33	20.95
Category of assets -Insurer Managed Fund #	319.35	282.18

Since the investments are held in the form of deposit with the LIC, these are not volatile, the market value of assets is the cost value of assets and has been accordingly considered for the above disclosures.

The Company is expected to contribute Rs. 77.00 million to gratuity funds for the year ended 31st December, 2015.

Financial assumptions at the valuation date	Year 2014	Year 2013
Discount rate	8.15% to 8.20%	9.15%
Rate of increase in compensation levels of covered employees *	6% to 10%	10% for first year and 7.5% thereafter
Expected Rate of Return on Plan assets **	7.5% to 8%	8.00%

* The estimates of future salary increases considered in actuarial valuation takes into account the inflation, seniority, promotions and other relevant factors.

** Expected rate of return on plan assets is based on expectation of the average long term rate of return expected to prevail over the estimated term of the obligation on the type of the investments assumed to be held by LIC.

Rupees million

Other details	31-Dec-14	31-Dec-13	31-Dec-12	31-Dec-11	31-Dec-10
Defined Benefit Obligation	468.10	349.08	323.46	251.78	223.95
Plan Assets	319.35	282.18	197.71	154.08	143.95
Surplus / (Deficit)	(148.75)	(66.90)	(125.75)	(97.70)	(80.00)
Experience Adjustment on Plan Liabilities	(33.10)	(31.71)	(17.82)	(4.20)	(18.36)
Experience Adjustment on Plan Assets	1.90	4.12	1.75	0.61	2.61

- 30 "Provision others" represents provisions towards expenditure relating to employee benefit obligations on contract acquisition, the outflow for which is expected in the next year.

Rupees million

Particulars	As at 31st December	
	2014	2013
Provision at the beginning of the year	133.01	169.82
Provision made during the year	-	-
Paid /adjusted during the year	*(98.55)	(36.81)
Provision at the end of the year	34.46	133.01

*Adjusted in employment expenses Rs. 89.65 million.

- 31 CIF value of Imports

Rupees million

Particulars	Year ended 31st December	
	2014	2013
Capital Goods	73.09	47.45

- 32 Expenditure in Foreign Currency (including expenses in foreign branches)

Rupees million

Particulars	For Year ended 31st December	
	2014	2013
Foreign travelling expenses	78.68	41.98
Software and development expenses	418.16	278.88
Employment expenses	553.20	337.46
Rent	12.24	9.79
Business promotion, seminar and conference expenses	7.85	4.83
Legal and professional charges	20.23	12.20
Communication expenses	8.49	3.05
Miscellaneous	21.69	10.79

- 33 Remittance in Foreign currency on account of dividend:

The Company has paid dividend in respect of shares held by non – residents on repatriation basis. This inter-alia includes portfolio investment and direct investment, where the amount is also credited to non- resident external account (NRE A/c). The exact amount of dividend remitted in foreign currency cannot be ascertained. The total amount remittable in foreign currency in this respect is given herein below:

Particulars	Final - 2013 (Final - 2012)	Interim - Q4-13 (Interim - Q4-12)	Interim - Q1-14 (Interim - Q1-13)	Interim - Q2-14 (Interim - Q2-13)	Interim - Q3-14 (Interim - Q3-13)
Net amount remitted (Rs. million)	1.00 (2.80)	7.57 NA	2.95 (3.02)	1.69 (3.13)	2.55 NA
No. of shares by non resident shareholders	999,260 (2,331,419)	1,009,437 NA	985,370 (2,518,023)	1,056,099 (2,233,552)	1,086,563 NA
Year to which dividend relates	2013 (2012)	2013 NA	2014 (2013)	2014 (2013)	2014 NA
No. of non resident shareholders	807 (1,105)	802 NA	812 (1,095)	874 (964)	921 NA

- 34 Earnings in foreign currency:

Rupees million

Particulars	For Year ended 31st December	
	2014	2013
Income from software solutions and consulting services	10,999.89	9,977.96
Interest Income	0.33	0.46

- 35 Caliber Point Business Solutions Limited (CP) (amalgamating company), a wholly owned subsidiary, engaged in Business Process Management services, has been amalgamated with the Company. The Scheme of Amalgamation ('the Scheme') was sanctioned by the Honourable High Court of Judicature at Bombay vide its Order dated 10th October 2014, the appointed date of merger being 1st April 2013.

In accordance with the said Scheme and as per the approval of the Honourable High Court:

- a) The assets, liabilities, rights and obligations of the erstwhile CP have been transferred to and vested with the Company with effect from 1st April 2013;
- b) All assets and liabilities including reserves have been recorded at their respective book values, after eliminating inter-company balances, in accordance with 'Pooling of interest method of accounting as per Accounting Standard 14 as notified under section 211 (3C) of the Companies Act 1956.
- c) The share capital of CP of Rs. 117.80 million has been adjusted against the investment in the books of the Company of Rs. 158.92 million and the resultant difference of Rs. 41.12 million has been debited to the General Reserve.
- d) The Statement of Profit and Loss for the year ended 31st December, 2014 includes result of CP for the year.
- 36 There are no dues to micro and small enterprises under MSMED Act, 2006 as at the year end.

37 Segments:

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

- 38 Previous years figures have been regrouped / reclassified wherever necessary to correspond with the current years classification/disclosure. In view of the amalgamation of wholly owned subsidiary (Refer Note no. 35), figures for the current year are not strictly comparable with that of the previous year.

For and on behalf of the board

Atul K. Nishar
(Chairman)

R. Srikrishna
(CEO & Executive Director)

P. R. Chandrasekar
(Vice Chairman)

Jimmy Mahtani
(Director)

Dileep Choksi
(Director)

Bharat Shah
(Director)

Basab Pradhan
(Director)

Christian Oecking
(Director)

Rajesh Kanani
(Chief Financial Officer)

Gunjan Methi
(Company Secretary)

Place : Mumbai

Date : 10th February, 2015