

# Deloitte Haskins & Sells LLP

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## **INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF HEXAWARE TECHNOLOGIES INC.**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of **HEXAWARE TECHNOLOGIES INC.** ("the Company"), which comprise the Balance Sheet as at December 31, 2015, 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 Board of Directors is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of adequate internal financial controls 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 auditors' 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls.



**Deloitte  
Haskins & Sells LLP**

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at December 31, 2015, its profit and its cash flows for the year ended on that date.

**Other Reporting Requirements**

- (a) We have sought and 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 accounts 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.

**Other Matter**

This report is issued for the sole purpose of consolidation of financial statement of the Company with the holding Company, Hexaware Technologies Limited, and to comply with the provisions of Section 129 of the Companies Act, 2013 and should not be used for any other purposes.

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



A handwritten signature in blue ink, appearing to read "Abhijit A. Damle".

Abhijit A. Damle  
(Partner)  
(Membership No. 102912)

MUMBAI, February 3, 2016

HEXAWARE TECHNOLOGIES INC.  
BALANCE SHEET AS AT 31ST DECEMBER 2015

Particulars	Note No.	As at		As at	
		31st December, 2015 US \$	US \$	31st December, 2014 US \$	US \$
<b>I. EQUITY AND LIABILITIES</b>					
<b>Share holders' funds :</b>					
a. Share capital	"3"	8,031,657		8,031,657	
b. Reserves and surplus	"4"	26,864,405		19,815,821	
			34,896,062		27,847,478
<b>Current liabilities :</b>					
a. Trade payables		59,854,245		46,878,282	
b. Other current liabilities	"5"	19,901,711		14,274,667	
c. Short term provisions	"6"	7,089,588		5,292,944	
			86,845,544		66,445,893
<b>Total</b>			<b>121,741,606</b>		<b>94,293,371</b>
<b>II. ASSETS</b>					
<b>Non-current assets :</b>					
a. Fixed assets	"7"				
i. Tangible assets		1,883,399		879,685	
ii. Intangible assets		205,367		243,688	
b. Non-current investments	"8"		2,088,766		1,123,373
			274		19,714
c. Deferred tax asset (net)	"22"		5,035,000		4,365,000
d. Long-term loans and advances	"9"		185,903		27,637
e. Other non-current assets	"10"		600,000		1,517,992
<b>Current assets :</b>					
a. Trade receivables	"11"	54,983,090		48,975,506	
b. Cash and cash equivalents	"12"	35,082,119		23,560,160	
c. Short-term loans and advances	"13"	3,132,262		3,410,131	
d. Other current assets	"14"	20,634,192		11,293,858	
			113,831,663		87,239,655
<b>Total</b>			<b>121,741,606</b>		<b>94,293,371</b>

III. NOTES FORMING PART OF FINANCIAL STATEMENTS

"1 to 31"

In terms of our report attached

For Deloitte Haskins & Sells LLP  
Chartered Accountants



Abhijit A. Damle  
Partner



For and on behalf of the board



R. Srikrishna  
(Director)

Place : Mumbai  
Date : 3rd February, 2016

HEXAWARE TECHNOLOGIES INC.  
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST DECEMBER 2015

Particulars	Note	For the year ended 31st December, 2015		For the year ended 31st December, 2014	
		US \$	US \$	US \$	US \$
<b>I. INCOME</b>					
a. Revenue from operations		327,989,404		255,800,332	
b. Other income	"15"	133,389		1,553,414	
			328,122,793		257,353,746
<b>II. EXPENSES</b>					
a. Software and development expenses	"16"	163,398,184		121,715,587	
b. Employee benefits expense	"17"	137,581,287		109,469,591	
c. Operation and other expenses	"18"	14,669,890		14,199,501	
d. Finance costs	"19"	10,333		1,298	
e. Depreciation and amortisation expense	"7"	646,066		474,937	
			316,305,760		245,860,914
<b>Profit before exceptional items and tax</b>			11,817,033		11,492,832
Exceptional item (Refer note no. 28)			-		1,056,063
<b>Profit before tax</b>			11,817,033		10,436,769
<b>Tax expense</b>					
a. Current Taxes		5,438,449		4,888,938	
b. Deferred Taxes		(670,000)		(998,000)	
			4,768,449		3,890,938
<b>Profit for the year</b>			7,048,584		6,545,831
<b>Earnings per share</b>	"24"				
Basic and Diluted			234.74		253.17
Before exceptional item			234.74		218.00
After exceptional item					

III. NOTES FORMING PART OF FINANCIAL STATEMENTS

"1 to 31"

In terms of our report attached

For Deloitte Haskins & Sells LLP  
Chartered Accountants

For and on behalf of the board



Abhijit A. Damle  
Partner




R. Srikrishna  
(Director)

Place : Mumbai  
Date : 3rd February, 2016

Hexaware Technologies Inc.

Cash Flow Statement for the year ended 31st December 2015

Particulars	Year ended 31st December 2015	Year ended 31st December 2014
	US \$	US \$
<b>A Cash Flow from operating activities</b>		
Net profit before tax	11,817,033	10,436,769
Adjustments for:		
Depreciation, amortisation and Impairment	646,066	474,937
Foreign exchange fluctuation	(139,274)	53,699
Surplus on closure of subsidiary	(49,342)	-
Provision for doubtful accounts (net)	(157,000)	(63,000)
Dividend received	-	(1,531,481)
Interest income	(883)	(1,035)
Interest expense	10,333	1,298
<b>Operating profit before working capital changes</b>	<b>12,126,933</b>	<b>9,371,187</b>
Adjustments for:		
Trade and other receivables	(14,316,127)	(6,996,962)
Trade and other payables / provisions	19,685,838	18,010,129
<b>Cash generated from operations</b>	<b>17,496,643</b>	<b>20,384,354</b>
Direct Taxes Paid	(4,452,145)	(5,066,005)
<b>Net cash generated from operating activities</b>	<b>13,044,499</b>	<b>15,318,349</b>
<b>B Cash flow from investing activities</b>		
Purchase of fixed assets	(1,699,889)	(504,406)
Dividend Received	-	1,531,481
Proceeds from closure of subsidiary	47,525	-
Interest received	883	1,035
<b>Net cash (used in) / generated from investing activities</b>	<b>(1,651,481)</b>	<b>1,028,110</b>
<b>C Cash flow from financing activities</b>		
Interest Paid	(10,333)	(1,298)
Dividend paid	-	(6,000,000)
<b>Net cash used in financing activities</b>	<b>(10,333)</b>	<b>(6,001,298)</b>
<b>Net increase in cash and cash equivalents</b>	<b>11,382,685</b>	<b>10,345,161</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>23,617,974</b>	<b>13,272,813</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>35,000,659</b>	<b>23,617,974</b>

Notes:

1. Components of cash and cash equivalents comprise the following

	As at 31st December, 2015	As at 31st December, 2014
	US \$	US \$
- Cash and Bank Balance (refer note no. 12)	35,082,119	23,560,160
- Unrealised gain on foreign currency cash and cash equivalents	(81,460)	57,814
<b>Total Cash and Cash equivalents</b>	<b>35,000,659</b>	<b>23,617,974</b>

In terms of our report attached

For Deloitte Haskins & Sells LLP

Chartered Accountants



Abhijit A. Damle

Partner



For and on behalf of the Board

R. Srikanthna

(Director)

Place: Mumbai

Date : 3rd February, 2016

# Hexaware Technologies Inc.

## Notes forming part of Financial Statements

### NOTE "1" - Company Overview

Hexaware Technologies Inc. ("HTI" or "the Company"), incorporated in March 1994 under the laws of the State of New Jersey, is a wholly owned subsidiary of Hexaware Technologies Limited, a foreign corporation incorporated in India ("Hexaware" or "the Holding Company"). These accounts have been prepared and audited for the purpose of consolidation with holding company and for the purpose of compliance with section 129 of the Companies Act, 2013.

Hexaware Technologies, Inc. provides information technology ("IT") services and solutions to its clientele, primarily in the form of professional IT consulting services. Its technological and managerial infrastructure also provides other IT services, including client/server systems consultation and development, systems migration, re-engineering, E-commerce services.

The Company has various regional sales offices in the United States of America and also has operations in Canada.

### NOTE "2" - Significant accounting policies

#### 2.1 Basis of preparation:

These financial statements are prepared in accordance with generally accepted accounting principles applicable in India under the historical cost convention and are, to the extent possible, in the same format as that adopted by the holding company for its separate financial statements.

#### 2.2 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/materialise. 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.

#### 2.3 Revenue Recognition

- a) Revenues from software solutions and consulting services are recognised 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 recognised using the percentage of completion method of accounting. The cumulative impact of any revision in estimates of 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 assets, represents amount recognised based on services performed in advance of billing in accordance with contract terms. Revenue is reported net of discount / incentive.
- b) Dividend income is recognised when right to receive is established.
- c) Interest income is recognised on time proportion basis.



# Hexaware Technologies Inc.

## Notes forming part of Financial Statements

### 2.4 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.

### 2.5 Depreciation and Amortisation

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

Asset Class	Estimated useful Life
Computer Systems (included in Plant and Machinery)	3 years
Software	3 years
Office Equipments	5 years
Furniture and Fixtures	8 years
Leasehold Improvements	Over the period of lease
Vehicles	4 Years

### 2.6 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.

### 2.7 Foreign Currency Transaction

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.



# Hexaware Technologies Inc.

## Notes forming part of Financial Statements

### 2.8 Employee Benefits

a) Post employment benefits and other long term benefit plans:

Company's contribution to defined contribution retirement schemes viz. contribution to the State and Federal pension plans is charged to Statement of Profit and Loss.

b) 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 / encashed within a year and short term medical insurance contribution plans.

### 2.9 Borrowing Costs

Borrowing costs attributable to the acquisition or construction of qualifying assets is 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.

### 2.10 Leases

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.

### 2.11 Taxes on Income

Income Taxes are accounted for in accordance with Accounting Standard 22 (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.

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 when the entity intends to settle the asset and liability on a net basis.



# Hexaware Technologies Inc.

## Notes forming part of Financial Statements

### 2.12 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.

### 2.13 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.

Particulars	As at		As at	
	31st December, 2015		31st December, 2014	
	US \$	US \$	US \$	US \$
<b>NOTE "3" - SHARE CAPITAL</b>				
a. <b>Authorised</b>				
100,000 (100,000) SHARES IN COMMON STOCK OF NO PAR VALUE		-		-
		-----		-----
		-		-
		=====		=====
b. <b>Issued, subscribed and fully paid-up capital</b>				
30,027 (30,027) SHARES IN COMMON STOCK OF NO PAR VALUE		8,031,657		8,031,657
		-----		-----
<b>Total</b>		<b>8,031,657</b>		<b>8,031,657</b>
		=====		=====
c. All shares are held by Hexaware Technologies Limited, the holding company, since incorporation of the company.				
d. <b>Rights, preferences and restrictions attached to common stock</b>				
The Company has one class of common stock having no par value. Each shareholder is eligible for one vote per share held. In the event of liquidation, the shareholders are eligible to receive the remaining assets of the company.				



# Hexaware Technologies Inc.

## Notes forming part of Financial Statements

Particulars	As at 31st December, 2015		As at 31st December, 2014	
	US \$	US \$	US \$	US \$
<b>NOTE "4" - RESERVES AND SURPLUS</b>				
<b>Reserve On Merger</b>				
As Per Last Balance Sheet		98,411		98,411
<b>Additional Paid In Capital</b> (Securities Premium Account)				
As per last Balance Sheet		142,951		142,951
<b>Balance in Statement of Profit and Loss</b>				
Opening balance	19,574,459		19,028,628	
Add : Profit for the year	7,048,584		6,545,831	
Less : Appropriations				
Dividend - equity			6,000,000	
<b>Closing balance</b>		26,623,043		19,574,459
<b>Total</b>		26,864,405		19,815,821
<b>NOTE "5" - OTHER CURRENT LIABILITIES</b>				
Unearned revenues		2,802,290		1,797,471
Other payables				
- Employee related		9,907,929		8,206,856
- Statutory liabilities		995,577		1,052,374
- Payable for purchase of fixed assets		21,570		-
- Other liabilities		6,174,345		3,217,966
<b>Total</b>		19,901,711		14,274,667
<b>NOTE "6" - SHORT TERM PROVISIONS</b>				
Provision for Employee Benefits				
- Compensated absences		5,040,204		4,375,379
Provision for taxation (net of advance tax)		692,242		-
Provision "Others" (Refer note 27)		1,357,142		917,565
<b>Total</b>		7,089,588		5,292,944

### NOTE "7" - FIXED ASSETS

(Amount in US \$)

Particulars	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
	AS AT 01.01.2015	ADDITIONS	DEDUCTIONS/ ADJUSTMENTS	AS AT 31.12.2015	AS AT 01.01.2015	FOR THE YEAR	DEDUCTIONS / ADJUSTMENTS	AS AT 31.12.2015	AS AT 31.12.2015	AS AT 31.12.2014
<b>TANGIBLE ASSETS:</b>										
FURNITURE AND FIXTURES	560,259	326,673	-	886,932	336,097	68,187	-	404,284	482,648	224,162
PLANT AND MACHINERY (INCLUDING COMPUTER SYSTEMS)	1,382,571	396,604	253,644	1,525,531	1,027,875	256,864	253,644	1,031,095	494,436	354,696
OFFICE EQUIPMENTS	164,732	23,863	-	188,595	91,990	24,245	-	116,235	72,360	72,742
VEHICLES	27,912	-	-	27,912	27,912	-	-	27,912	-	-
LEASEHOLD IMPROVEMENTS	339,050	720,079	19,282	1,039,847	110,965	114,209	19,282	205,892	833,955	228,085
<b>Sub-Total</b>	<b>2,474,524</b>	<b>1,467,219</b>	<b>272,926</b>	<b>3,668,817</b>	<b>1,594,839</b>	<b>463,505</b>	<b>272,926</b>	<b>1,785,418</b>	<b>1,883,399</b>	<b>879,685</b>
Previous Year	2,133,986	340,538	-	2,474,524	1,277,571	317,268	-	1,594,839	879,685	
<b>INTANGIBLE ASSETS:</b>										
SOFTWARE	611,313	144,240	-	755,553	367,625	182,561	-	550,186	205,367	243,688
<b>Sub-Total</b>	<b>611,313</b>	<b>144,240</b>	<b>-</b>	<b>755,553</b>	<b>367,625</b>	<b>182,561</b>	<b>-</b>	<b>550,186</b>	<b>205,367</b>	<b>243,688</b>
Previous Year	447,445	163,868	-	611,313	209,956	157,669	-	367,625	243,688	
<b>PERIOD TOTAL</b>	<b>3,085,837</b>	<b>1,611,459</b>	<b>272,926</b>	<b>4,424,370</b>	<b>1,962,464</b>	<b>646,066</b>	<b>272,926</b>	<b>2,335,604</b>	<b>2,088,766</b>	<b>1,123,373</b>
Previous Year Total	2,581,431	504,406	-	3,085,837	1,487,527	474,937	-	1,962,464	1,123,373	



# Hexaware Technologies Inc.

## Notes forming part of Financial Statements

Particulars	As at		As at	
	31st December, 2015	31st December, 2015	31st December, 2014	31st December, 2014
	US \$	US \$	US \$	US \$
<b>NOTE "8" - NON CURRENT INVESTMENTS</b>				
Trade investments (unquoted)				
(i) Investment In Subsidiaries (at cost)				
Nil (1800) ordinary shares of 10 Euros each fully paid up in FocusFrame Europe B.V (Subsidury closed)		-		19,440
(ii) Others (at cost)				
1 (1) participation share in Hexaware Technologies, Mexico S De R.L. De C.V. at par, a fellow subsidiary		274		274
<b>Total</b>		<u>274</u>		<u>19,714</u>
<b>NOTE "9" - LONG TERM LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD)</b>				
Security Deposits		75,903		27,637
Capital Advance		110,000		-
<b>Total</b>		<u>185,903</u>		<u>27,637</u>
<b>NOTE "10" - OTHER NON CURRENT ASSETS</b>				
Unbilled services		600,000		1,517,992
<b>Total</b>		<u>600,000</u>		<u>1,517,992</u>
<b>NOTE "11" - TRADE RECEIVABLES (UNSECURED)</b>				
a. Over six months from the due date of payment				
Considered good		15,923,761		18,611,516
Considered doubtful		313,027		399,148
b. Others				
Considered good		39,059,329		30,363,990
Considered doubtful		16,973		87,852
		<u>55,313,090</u>		<u>49,462,506</u>
Less : Provision for doubtful receivables		330,000		487,000
<b>Total</b>		<u>54,983,090</u>		<u>48,975,506</u>

Particulars	As at		As at	
	31st December, 2015	31st December, 2015	31st December, 2014	31st December, 2014
	US \$	US \$	US \$	US \$
<b>NOTE "12" - CASH AND CASH EQUIVALENTS</b>				
Balances with banks				
In current accounts		35,082,119		23,560,160
<b>Total</b>		<u>35,082,119</u>		<u>23,560,160</u>
<b>NOTE "13" - SHORT TERM LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD)</b>				
Security deposits		35,948		34,594
Advances to related parties (Refer note 23)		1,653,209		1,624,627
Advance Income Tax (net of provision for tax)		237,500		510,305
Others		1,205,605		1,240,605
<b>Total</b>		<u>3,132,262</u>		<u>3,410,131</u>
<b>NOTE "14" - OTHER CURRENT ASSETS</b>				
Unbilled services		20,634,192		11,293,858
<b>Total</b>		<u>20,634,192</u>		<u>11,293,858</u>

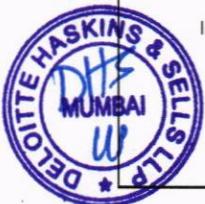


# Hexaware Technologies Inc.

## Notes forming part of Financial Statements

Particulars	For the year ended 31st December, 2015		For the year ended 31st December, 2014	
	US \$	US \$	US \$	US \$
<b>NOTE "15" - OTHER INCOME</b>				
Dividend from subsidiaries		-		1,531,481
Interest income - others		883		1,035
Surplus on closure of Subsidiary (Refer note 8)		49,342		-
Miscellaneous income		83,164		20,898
		-----		-----
<b>Total</b>		133,389		1,553,414
		=====		=====
<b>NOTE "16" - SOFTWARE AND DEVELOPMENT EXPENSES</b>				
Consultant travel and related expenses		13,935,366		11,101,100
Software expenses *		149,462,818		110,614,487
		-----		-----
<b>Total</b>		163,398,184		121,715,587
		=====		=====
* Includes subcontracting charges		148,538,371		108,367,963
<b>NOTE "17" - EMPLOYEE BENEFITS EXPENSE</b>				
Salaries and allowances		118,998,112		94,117,104
Contribution to funds		17,373,914		14,493,096
Staff welfare expenses		1,209,261		859,391
		-----		-----
<b>Total</b>		137,581,287		109,469,591
		=====		=====

Particulars	For the year ended 31st December, 2015		For the year ended 31st December, 2014	
	US \$	US \$	US \$	US \$
<b>NOTE "18" - OPERATIONS AND OTHER EXPENSES</b>				
Rent (Refer note 26)		1,369,493		1,252,310
Rates and taxes		28,896		31,032
Travelling and conveyance expenses		5,337,908		3,534,652
Electricity charges		49,927		28,588
Communication expenses		983,329		915,023
Repairs and maintenance		569,440		460,073
Printing and stationery		59,319		58,671
Audit fees		165,427		132,070
Legal and professional fees		439,704		2,183,501
Advertisement and publicity		126,970		329,046
Seminar and conference expenses		1,059,454		802,312
Bank and other charges		17,163		22,467
Exchange rate differences (net)		508,551		226,049
Membership and Subscription charges		516,863		592,874
Insurance charges		439,279		390,336
Bad debts / advances written off		118,798		9,255
Provision for doubtful accounts *		(157,000)		(63,000)
Staff recruitment expenses		1,487,747		1,412,005
Miscellaneous expenses		1,548,622		1,882,237
		-----		-----
<b>Total</b>		14,669,890		14,199,501
		=====		=====
* net off write back		77,550		390,665
<b>NOTE "19" - FINANCE COSTS</b>				
Interest others		10,333		1,298
		-----		-----
<b>Total</b>		10,333		1,298
		=====		=====



# Hexaware Technologies Inc.

## Notes forming part of Financial Statements

**NOTE "20" -** Estimated amount of contracts remaining to be executed on capital account not provided for (Net of Advances) US \$ 102,134 (Previous year US \$ 103,023).

**NOTE "21" - Employee Benefits:**

The Company recognized US \$ 6,630,123 (Previous Year US \$ 5,217,383) for pension fund contributions in Statement of Profit and Loss. The contributions payable to these plans by the company are at rates specified in the rules of the schemes and the company has no further obligations under such schemes

**NOTE "22" - Deferred taxes**

Breakup of deferred tax asset (net) is as under:

Particulars	As at	As at
	31st December 2015	31st December 2014
	US \$	US \$
<b>Deferred tax assets</b>		
Provision for doubtful debts	129,000	195,000
Provision for employee benefits	4,245,000	3,674,000
Other provisions	617,000	473,000
Depreciation and amortisation	44,000	23,000
Deferred tax assets	5,035,000	4,365,000

**NOTE "23" - Related Parties Disclosures**

**1. Name of Related parties and description of relationship:**

Ultimate Holding Company and its Subsidiaries

- Baring Private Equity Asia GP V. LP, Cayman Island (ultimate holding company) (control exists)
- The Baring Asia Private Equity Fund V, LP, Cayman Island
- Baring Private Equity Asia V Mauritius Holding (4) Limited, Mauritius
- HT Global IT Solutions Holding Limited, Mauritius (control exists)

Holding Company - Hexaware Technologies Limited, India (control exists)

Subsidiary - FocusFrame Europe B.V, Netherlands (upto 31<sup>st</sup> March, 2015)

Fellow Subsidiaries - Hexaware Technologies Canada Limited, Canada

Hexaware Technologies Asia Pacific Pte Ltd., Singapore

Caliber Point Business Solution Limited, India merged with the Holding Company.

Hexaware Technologies GmbH, Germany

Hexaware Technologies UK Limited., UK

Hexaware Technologies, Mexico S. De R.L. De C.V., Mexico

Hexaware Tecnologia Do Brasil Ltda, Brazil

Key Management Personnel - Mr. P. R. Chandrasekar, Director (upto 31st December, 2014)

and relatives

-- Mr. Rajiv Pant, Director (upto 30<sup>th</sup> August, 2015)

-- Mr. R. Srikrishna (Chief Executive Officer of Holding Company w.e.f. 28th July 2014).



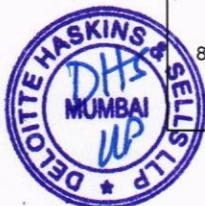
# Hexaware Technologies Inc.

## Notes forming part of Financial Statements

### 2. Related Party Transactions:

Transactions during the year:

Sr No	Particulars	Name Of Related Party And Nature of relationship	For the year ended 31st December, 2015	For the year ended 31st December, 2014
			Amt In USD	Amt In USD
1	Reimbursement of Cost to	<b>Holding Company</b>	5,740,579	5,651,620
		<b>Fellow Subsidiaries</b>		
		Hexaware Technologies Mexico S.DE RL. DE C.V	1,375,238	225,091
		Hexaware Technologies UK LTD	972,645	849,263
		Others	504,377	753,103
2	Employee advances reimbursed to	<b>Holding Company</b>	989,209	1,136,524
3	Receiving of services	<b>Holding Company</b>	86,929,684	64,297,227
		<b>Fellow Subsidiaries</b>		
		Hexaware Technologies Mexico S.DE RL. DE C.V	9,463,397	8,475,176
		Others	2,194,099	2,429,590
		<b>KMP</b>	1,865,742	3,815,629
4	Software and Consultancy Income (Rendering of Services)	<b>Holding Company</b>	1,876,554	2,478,879
5	Recovery of Cost / Advances from	<b>Holding Company</b>	12,262	1,203,445
		<b>Fellow Subsidiaries</b>		
		Hexaware Technologies UK LTD	441,365	156,551
		Hexaware Technologies Canada ITD	143,453	60,976
		Hexaware Technologies Asia pacific Pte LTD	124,482	191,243
		Hexaware technologies GmbH	90,233	195,353
		Others	89,036	337,172
6	Dividend Paid	<b>Holding Company</b>	-	6,000,000
7	Dividend Received	<b>Fellow Subsidiaries</b>		
		Focus Frame Netherland BV.	49,342	1,531,481
8	Purchase of fixed assets	<b>Fellow Subsidiaries</b>		
		Hexaware Technologies Asia Pacific Pte LTD	-	17,600



# Hexaware Technologies Inc.

## Notes forming part of Financial Statements

### Closing Balances

Particular	Nature of relationship	As at 31st December, 2015	As at 31st December, 2014
		Amt In USD	Amt In USD
Trade Receivable	Holding Company	16,920,308	19,782,626
Advances	Holding Company	127,281	368,902
	Fellow Subsidiaries	1,525,928	1,255,725
Trade Payable	Holding Company	43,611,691	33,972,327
	Fellow Subsidiaries	4,698,611	4,885,390
Employee Related Liability / Provision	KMP	526,173	893,242

### NOTE "24" - Earnings Per Share (EPS)

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

Earnings per share is calculated as follows	For the year ended 31 <sup>st</sup> December 2015	For the year ended 31 <sup>st</sup> December 2014
	US \$	US \$
Net profit after tax and before exceptional item	7,048,584	7,601,894
Less: Exceptional Item	-	1,056,063
Net profit after exceptional item	7,048,584	6,545,831
Weighted average outstanding shares in common stock (Nos.)	30,027	30,027
Nominal Value of shares in common stock	No Par	No Par
Basic and diluted earnings per share		
Before exceptional item	234.74	253.17
After exceptional item	234.74	218.00



# Hexaware Technologies Inc.

## Notes forming part of Financial Statements

### NOTE "25" - Segments

#### Primary Segment: Business Segments

For the year ended 31st December, 2015 (USD)

Particulars	Banking and Financial Services	Global Travel and Transportation	Healthcare & Insurance	Manufacturing & Consumer	Total
Revenue	154,291,376 (114,654,136)	46,999,555 (37,112,053)	42,997,858 (32,914,788)	83,700,615 (71,119,355)	327,989,404 (255,800,332)
Segment result - Profit / -Loss	339,702 (6,007,046)	8,172,660 (4,594,744)	3,526,191 (-1,716,483)	810,041 (1,756,396)	12,848,594 (10,641,702)
Less : Unallocable expenses					1,154,617 (1,757,049)
Add : Other Income					133,389 (1,553,414)
Less : Interest expense					10,333 (1,298)
Profit before tax					11,817,033 (10,436,769)
Less : Tax expense					4,768,449 (3,890,938)
Profit after tax					7,048,584 (6,545,831)

#### Notes:

1. The Company has identified business segments as the primary segment. Business segments have been identified taking into account the services offered to customers globally operating in different industry segments, differing risks and returns, the organizational and the internal reporting systems. Consequent to internal reorganization, effective from 1st January, 2015, the Company has realigned the segment disclosure to reflect such reorganization. The previous period / year's figures are also restated to conform to the current period's classification.
2. Revenues and expenses directly attributable to segments are reported under each reportable business segment. Common expenses which are not directly identifiable to each reporting segment have been allocated to each reporting segment on the basis of associated revenues of the segment. All other expenses which are not attributable or allocable to segments have been disclosed as unallocable expenses.



Assets and liabilities contracted have not been identified to any of the reportable segments as the assets are used interchangeably between segments and it is not practicable to reasonably allocate the liabilities to individual segments. Accordingly, no disclosure relating to segment assets and segment liabilities are made.

# Hexaware Technologies Inc.

## Notes forming part of Financial Statements

4. The Company operates mainly in local markets (United States of America) and in the opinion of the management has only one reportable geographical segment, the results of which are disclosed in the financial statements.
5. Previous year figures are given in brackets.

### NOTE "26" - Lease

#### Operating Lease:

The Company takes on lease offices 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 are US \$ 1,369,493 (Previous Year US \$ 1,252,310).

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

Particulars	Total Minimum Lease Payments Outstanding as on 31st December 2015	Total Minimum Lease Payments Outstanding as on 31st December 2014
	US \$	US \$
Not later than one year	1,609,933	901,555
Later than one year but not later than five years	4,661,438	1,827,659
	6,271,371	2,729,214

### NOTE "27"

'Provision Others' represents provisions towards expenditure relating to employee benefit obligations on contract acquisition (also in respect of travel expense and provision for loss on contract execution in previous year), the outflow for which is expected in the next year.

Particulars	For the year Ended 31st December, 2015	For the year Ended 31st December, 2014
	US \$	US \$
Beginning Provision	917,565	300,000
Add: Provision added during the year	1,272,467	917,565
Less: Provision adjusted during the year	832,890	300,000
Closing Provision	1,357,142	917,565

NOTE "28" In the previous year, the Company had entered into a large IT Service contract spread over a period of five years, which included absorbing certain identified employees of the customer, along with related employee obligations. Exceptional items in the previous year represent value of such employee obligations based on the crystallised restructuring plans in respect of said employees.

NOTE "29" – During the year, the holding company incurred USD 2,050,979 with respect to Restricted Stock Units granted to employees of the Company.



# Hexaware Technologies Inc.

## Notes forming part of Financial Statements

**NOTE "30"** – The information disclosed in these financials statements for the years ended 31<sup>st</sup> December 2015 and 2014 is extracted from books of account locally maintained.

**NOTE "31"** - Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

NOTES 1 TO 31 FORM AN INTEGRAL PART OF THE ACCOUNTS

For and on behalf of the board



A handwritten signature in blue ink, consisting of several loops and a long horizontal stroke.

(Director)

Place: Mumbai

Date : 3rd February, 2016