

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

**Report on the Condensed Interim Consolidated Financial Statements**

We have audited the accompanying condensed consolidated financial statements of **HEXAWARE TECHNOLOGIES LIMITED** (hereinafter referred to as the "Holding Company"), and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the Condensed Consolidated Balance Sheet as at 30<sup>th</sup> September, 2015, the Condensed Consolidated Statement of Profit and Loss for the quarter and nine months ended on 30<sup>th</sup> September, 2015, the Condensed Consolidated Cash Flow Statement for the nine months ended on 30<sup>th</sup> September, 2015, and the selected Explanatory notes (hereinafter referred to as "the consolidated financial statements").

**Management's Responsibility for the Condensed Interim Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including Accounting Standard (AS-25) on Interim Financial Reporting specified under Section 133 of the Companies Act, 2013, ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of the preparation of these consolidated financial statements by the Directors of the Holding Company, as aforesaid.

## **Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the condensed consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the condensed consolidated 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 Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the condensed consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on these condensed consolidated financial statements.

## **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid condensed consolidated financial statements give a true and fair view in conformity with AS-25 and the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 30<sup>th</sup> September, 2015 and its consolidated profit for the quarter and nine months ended on that date and its consolidated cash flows for the nine months ended on that date.

## **Other Matters**

We did not audit the financial statements of eight subsidiaries whose financial statements reflect total assets of Rs. 1,952.28 million as at 30<sup>th</sup> September, 2015, total revenues of Rs. 1,118.86 million and Rs. 3,126.96 million for the quarter and nine months ended on that date and net cash flows amounting to Rs.698.53 million for nine months ended on that date, as considered in the condensed consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the condensed consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

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

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

**MUMBAI**, 3<sup>rd</sup> November, 2015

**HEXAWARE TECHNOLOGIES LIMITED**
**CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30th SEPTEMBER 2015**

(Rupees Million)

Particulars	Note No.	As at	
		30th September 2015	As at 31st December 2014
<b>I. EQUITY AND LIABILITIES</b>			
<b>Share holders' funds :</b>			
a. Share capital	"3"	603.01	601.85
b. Reserves and surplus	"4"	13,512.42	12,303.70
		14,115.43	12,905.55
<b>Share application money pending allotment</b>	"3"	-	0.45
<b>Non-current liabilities :</b>			
a. Deferred tax liabilities (net)	"5"	90.17	118.68
b. Other long-term liabilities	"6"	56.76	31.06
c. Long-term provisions - Employee benefits		345.72	287.82
		492.65	437.56
<b>Current liabilities :</b>			
a. Trade payables			
i) Dues of micro and small enterprises		-	-
ii) Others		965.00	680.35
b. Other current liabilities	"7"	2,593.06	2,145.70
c. Short-term provisions	"8"	1,622.50	1,484.90
		5,180.56	4,310.95
<b>Total</b>		19,788.64	17,654.51
<b>II. ASSETS</b>			
<b>Non-current assets :</b>			
a. Fixed Assets :	"9"		
i) Tangible assets		3,385.20	3,379.87
ii) Intangible assets		1,825.74	1,758.45
iii) Capital work-in-progress		901.87	350.46
		6,112.81	5,488.78
b. Non-current investments	"10"	4.58	4.58
c. Deferred tax asset (Net)	"5"	360.87	293.89
d. Long-term loans and advances	"11"	1,701.98	1,398.90
e. Other non-current assets	"12"	280.97	328.11
		8,461.21	7,514.26
<b>Current Assets :</b>			
a. Current investments	"13"	696.53	1,850.96
b. Trade receivables	"14"	4,808.47	3,656.38
c. Cash and cash equivalents	"15"	2,882.89	2,865.02
d. Short-term loans and advances	"16"	638.00	537.91
e. Other current assets	"17"	2,301.54	1,229.98
		11,327.43	10,140.25
<b>Total</b>		19,788.64	17,654.51

**III. NOTES FORMING PART OF FINANCIAL STATEMENTS**

"1 to 30"

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

**R. Srikrishna**  
 (CEO and Executive Director)

**Dileep Choksi**  
 (Director)

 Place : Mumbai  
 Date : 3rd November, 2015

**HEXAWARE TECHNOLOGIES LIMITED**
**CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE QUARTER AND NINE MONTHS ENDED 30th SEPTEMBER 2015**

(Rupees Million)

Particulars	Note No.	For the quarter ended 30th September 2015	For the quarter ended 30th September 2014	For the nine months ended 30th September 2015	For the nine months ended 30th September 2014
<b>I. INCOME</b>					
a. Revenue from operations		8,183.89	6,706.16	23,040.17	18,698.79
b. Other income	"18"	15.03	31.01	72.33	189.59
		-----	-----	-----	-----
		8,198.92	6,737.17	23,112.50	18,888.38
<b>II. EXPENSES</b>					
a. Software and development expenses	"19"	1,388.32	1,010.70	3,912.81	2,920.69
b. Employee benefits expense	"20"	4,523.76	3,848.05	12,873.58	10,600.16
c. Operation and other expenses	"21"	699.27	639.49	1,995.07	1,820.26
d. Employee stock option compensation cost		111.58	-	203.43	-
e. Exchange rate difference (net)		(82.65)	34.53	(11.82)	159.35
f. Interest - others		0.66	6.54	0.83	6.92
g. Depreciation and amortisation expense	"9"	120.71	110.81	351.00	326.30
		-----	-----	-----	-----
		6,761.65	5,650.12	19,324.90	15,833.68
<b>Profit before Tax</b>		1,437.27	1,087.05	3,787.60	3,054.70
<b>Tax expense</b>					
Income Tax - Current (net of MAT credit adjustments)		315.63	297.83	933.47	865.69
Income Tax - Deferred (Credit)		5.49	(70.97)	(84.36)	(139.90)
		-----	-----	-----	-----
		321.12	226.86	849.11	725.79
<b>Profit for the period</b>		1,116.15	860.19	2,938.49	2,328.91
		=====	=====	=====	=====
Earnings per share (in Rupees)	"24"				
Basic		3.70	2.86	9.75	7.75
Diluted		3.67	2.85	9.66	7.72
Face value of equity share (in Rupees)		2.00	2.00	2.00	2.00

**III. NOTES FORMING PART OF FINANCIAL STATEMENTS**

"1 to 30"

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,  
 Place: Mumbai  
 Date : 3rd November, 2015

**R. Srikrishna**  
 (CEO and Executive Director)

**Dileep Choksi**  
 (Director)

Particulars	For the nine months ended 30th September 15	For the nine months ended 30th September 14
<b>A Cash Flow from operating activities</b>		
Net Profit before tax	3,787.60	3,054.70
Adjustments for:		
Depreciation and amortization expenses	351.00	326.30
Employee Stock option compensation cost	203.43	-
Interest income	(10.85)	(50.52)
Provision for doubtful accounts (net)	36.50	(4.00)
Debts and advances written off	5.28	1.48
Dividend from current investments	(39.82)	(103.48)
(Profit) on sale / diminution in value of current investments (Net)	-	(0.44)
Loss on sale of fixed assets / Assets written off (Net)	0.10	1.20
Deferred settlement loss relating to roll-over cash flow hedges	184.36	737.73
Exchange rate difference (net) unrealised	12.02	107.74
Interest expense	0.83	6.92
<b>Operating profit before working capital changes</b>	<b>4,530.45</b>	<b>4,077.63</b>
<b>Adjustments for:</b>		
Trade and other receivables	(2,189.79)	(920.78)
Trade and other payables	423.36	110.78
<b>Cash generated from operations</b>	<b>2,764.02</b>	<b>3,267.63</b>
Direct Taxes Paid (Net)	(833.34)	(807.38)
<b>Net cash from operating activities</b>	<b>1,930.68</b>	<b>2,460.25</b>
<b>B Cash flow from investing activities</b>		
Purchase of fixed assets	(834.61)	(474.09)
Proceeds from sale of fixed assets	2.11	0.18
Interest received (Net of tax Rs. 4.87 Million (Rs. 10.21 Million))	10.21	135.65
Purchase of current investments	(7,965.57)	(19,593.58)
Proceeds from sale of investments	9,120.00	21,192.33
Dividend from current investments	39.82	103.48
<b>Net cash from investing activities</b>	<b>371.96</b>	<b>1,363.97</b>
<b>C Cash flow from financing activities</b>		
Proceeds from issue of share capital	29.50	40.32
Share application money adjusted	(0.45)	(0.86)
Interest and other finance charges paid	(0.83)	(0.75)
Dividend paid (including corporate dividend tax)	(2,355.68)	(4,548.39)
<b>Net cash (used in) financing activities</b>	<b>(2,327.46)</b>	<b>(4,509.68)</b>
<b>Net (Decrease) in cash and cash equivalents</b>	<b>(24.82)</b>	<b>(685.46)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>2,859.76</b>	<b>2,891.12</b>
<b>Cash and cash equivalents at the end of the period (Refer Note No. 1 below)</b>	<b>2,834.94</b>	<b>2,205.66</b>

**Notes:**

1. Components of cash and cash equivalents comprise the following:  
(Refer Note no. 15 of notes forming part of financial statements)

Cash and Bank Balances	3,119.78	2,406.78
Less: Restricted Bank Balances	(236.89)	(218.11)
Cash and cash Equivalents as per note no 15	2,882.89	2,188.67
Effect of changes in Exchange rate in cash and cash equivalents	(47.95)	16.99
<b>Total Cash and Cash equivalents</b>	<b>2,834.94</b>	<b>2,205.66</b>

2. The previous period's figures have been regrouped wherever necessary.

In terms of our attached report of even date

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants

**For and on behalf of the Board**

**Abhijit A. Damle**  
Partner

**R. Srikrishna**  
(CEO and Executive Director)

**Dileep Choksi**  
(Director)

Place: Mumbai  
Date : 3rd November, 2015

**HEXAWARE TECHNOLOGIES LIMITED**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**1 Background**

Hexaware Technologies Limited (“Hexaware” or the “Company”) is a public limited company domiciled in India and incorporated under the provisions of the Companies Act 1956, of India. The Company is engaged in information technology consulting, software development and business process management. Hexaware provides multiple service offerings to its clients across various industries comprising travel, transportation, hospitality, logistics, banking, financial services, insurance, healthcare, manufacturing and services. The various service offerings comprise application development and management, enterprise package solutions, infrastructure management, business intelligence and analytics, business process, quality assurance and independent testing.

These condensed consolidated interim financial statements have been prepared using the same basis / accounting policies as those used for the audited financial statements for the year ended on 31st December 2014, except for reassessment of useful lives of fixed assets of the Company w.e.f. 1st January 2015 as per provisions of Schedule II of the Companies Act , 2013 and recognition of Employee stock option compensation cost using fair value method instead of intrinsic value method followed hitherto (Refer note 9(4) and 29). These interim financial statements have been prepared considering the requirements of Accounting Standard 25 “Interim financial reporting”.

**2 Subsidiaries to Consolidation**

The consolidated financial statements present the consolidated accounts of Hexaware Technologies Limited with the following wholly owned subsidiaries drawn upto the same reporting date as that of the Holding Company.

Name of the subsidiary company	Country of incorporation
Hexaware Technologies Inc.	United States of America
Hexaware Technologies, Mexico S. De. R.L. De. C.V.	Mexico
Hexaware Technologies UK Ltd.	United Kingdom
FocusFrame Europe BV (Subsidiary of Hexaware Technologies Inc.) (Closed w.e.f. 31st March 2015)	Netherland
Hexaware Technologies Asia Pacific Pte Limited	Singapore
Hexaware Technologies Gmbh.	Germany
Hexaware Technologies Canada Limited.	Canada
Caliber Point Business Solutions Limited (merged with the Company w.e.f. 1st April 2013, refer note No. 28)	India
Risk Technology International Limited	India
Hexaware Technologies DO Brazil Ltd , Brazil (Subsidiary of Hexaware Technologies UK Ltd)	Brazil
Guangzhou Hexaware Information Technologies Company Limited	China

Particulars	As at 30th September 2015		As at 31st December 2014	
<b>3 SHARE CAPITAL</b>				
<b>a. Authorised</b>				
475,000,000 Equity Shares of Rs. 2/- each		950.00		950.00
1,100,000 Series "A" Preference Shares of Rs. 1421/- 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
<b>Total</b>		2,513.10		2,513.10
<b>b. Issued, Subscribed and Paid-up Capital</b>				
Equity Shares of Rs. 2/- each Fully Paid.		603.01		601.85
<b>Total</b>		603.01		601.85
<b>c. Reconciliation of number of shares</b>				
Particulars	Numbers	Amount	Numbers	Amount
Shares outstanding at the beginning of the period / year	300,923,472	601.85	299,875,947	599.75
Shares issued during the period / year	582,650	1.16	1,047,525	2.10
Shares outstanding at the end of the period / year	301,506,122	603.01	300,923,472	601.85
<b>d. Details of shares held by shareholders holding more than 5% shares</b>				
Name of Shareholder	No. of Shares held		No. of Shares held	
HT Global IT Solutions Holdings Ltd. (Holding Company)	215,047,193	71.32	215,047,193	71.46
<b>e. Shares allotted as fully paid up by way of bonus shares during five years preceding the year end</b>				
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				
<b>f. Rights, preferences and restrictions attached to equity shares</b>				
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.				
<b>g. Shares reserved for issue under options</b>				
The Company has granted employee stock options under ESOP 2002, 2007 and 2008 schemes and restricted stock units under the ESOP 2008 and 2015 scheme. Each option entitles the holder to one equity share of Rs. 2 each. 9,355,688 (1,576,500 as on 31st December, 2014) options were outstanding as on 30th September, 2015.				
<b>h. Shares application money pending allotment</b>				
Share application money pending allotment is Rs. Nil (Rs. 0.45 Million) as at 30th September, 2015, which pertains to Nil (36,000) shares.				
<b>i. The Board of Directors, at its meeting held on 3rd November, 2015 has declared interim dividend of Rs. 2.25 per equity share.</b>				

**HEXAWARE TECHNOLOGIES LIMITED**
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

Particulars	(Rupees Million)	
	As at 30th September 2015	As at 31st December 2014
<b>4 RESERVES AND SURPLUS</b>		
<b>a Securities premium account</b>		
As per last Balance Sheet	4,741.93	4,654.45
Add: On merger of Caliber Point Business Solutions Limited (Refer note no. 28)	-	41.12
Add : Received during the period / year	28.34	46.36
	-----	-----
	4,770.27	4,741.93
<b>b Employee stock options outstanding</b>		
Employee stock options compensation cost	224.99	-
(includes Rs. 21.56 Million transferred from other payable for expenses, being accrual in the previous year)		
	-----	-----
	224.99	-
<b>c General reserve</b>		
As per last Balance Sheet	2,140.38	2,178.52
Less: On merger of Caliber Point Business Solutions Limited (Refer note no. 28)	-	41.12
Add : Transfer from Statement of Profit and Loss	-	2.98
	-----	-----
	2,140.38	2,140.38
<b>d Hedging reserve</b>		
As per last Balance Sheet	(253.01)	(1,239.41)
Less: Losses transferred to Statement of Profit and Loss on occurrence of forecasted hedge transactions (Net)	112.27	759.56
Add: Changes in the fair value of the effective portion of outstanding cash flow hedges	61.21	226.84
	-----	-----
	(79.53)	(253.01)
<b>e Amalgamation reserve</b>	2.88	2.88
<b>f Special Economic Zone Re-investment reserve</b>		
As per last Balance Sheet	281.39	223.94
Add : Transfer from Balance in Statement of Profit and Loss	169.80	176.38
Less : Transfer to Statement of Profit and Loss on utilisation for acquisition of plant and machinery.	-	118.93
	-----	-----
	451.19	281.39
<b>g Currency translation reserve</b>		
As per last Balance Sheet	1,011.72	1,013.50
Addition during the period / year (Net)	109.25	(1.78)
	-----	-----
	1,120.97	1,011.72
<b>h Balance in Statement of Profit and Loss</b>		
As per last Balance Sheet	4,378.41	4,557.98
Add : Profit for the period / year	2,938.49	3,201.52
Add : Transfer from Special Economic Zone Re-investment reserve	-	118.93
	-----	-----
	7,316.90	7,878.43
<b>Less : Appropriations</b>		
Interim Dividend - Equity	1,884.41	2,840.97
Tax on Dividend (For previous year after adjusting tax benefit on dividend distributed by a subsidiary)	381.42	479.69
Transfer to General Reserve	-	2.98
Transfer to Special Economic Zone Re-investment Reserve	169.80	176.38
	-----	-----
	2,435.63	3,500.02
	-----	-----
	4,881.27	4,378.41
<b>Total</b>	-----	-----
	13,512.42	12,303.70

**HEXAWARE TECHNOLOGIES LIMITED**
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

(Rupees Million)

PARTICULARS	As at 30th September 2015	As at 31st December 2014
<b>5 DEFERRED TAX ASSETS / LIABILITIES</b>		
<b>a. Deferred tax assets:</b>		
i. Provision for doubtful receivables	12.79	12.29
ii. Depreciation	9.15	8.71
iii. Employee benefits	282.26	245.40
iv. Provision others	55.03	29.82
v. Others	1.64	1.80
	-----	-----
	360.87	298.02
	-----	-----
<b>Less: Deferred tax liability:</b>		
Employee benefits	-	4.13
	-----	-----
<b>Total</b>	360.87	293.89
	=====	=====
<b>b. Deferred tax liabilities:</b>		
i. Depreciation	165.15	149.50
ii. Deferred settlement loss relating to roll-over of cash flow hedges	-	35.36
	-----	-----
	165.15	184.86
	-----	-----
<b>Less: Deferred tax assets:</b>		
i. Employee benefits	68.37	62.59
ii. Provision others	1.36	-
iii. Provision for doubtful receivables	5.25	3.59
	-----	-----
<b>Total</b>	90.17	118.68
	=====	=====
<b>6 OTHER LONG TERM LIABILITIES</b>		
a For expenses	2.57	-
b Capital creditors	3.25	5.87
c Liability for mark to market losses on derivative contracts (net)	50.94	25.19
	-----	-----
<b>Total</b>	56.76	31.06
	-----	-----
<b>7 OTHER CURRENT LIABILITIES</b>		
a Unearned revenues	167.75	226.16
b Unclaimed dividend *	112.61	96.40
c Other payables		
- Employee related	901.04	847.99
- Statutory liabilities	325.98	322.04
- Deposit received from customer / lessee	0.38	0.38
- Capital creditors	376.86	79.39
- Liability for mark to market losses on derivative contracts (net)	26.44	51.54
- For expenses	682.00	521.80
	-----	-----
<b>Total</b>	2,593.06	2,145.70
	-----	-----
* This figure does not include any amount due and outstanding to be credited to Investor Education and Protection Fund.		
<b>8 SHORT TERM PROVISIONS</b>		
a For employee benefits	487.23	427.44
b Proposed dividend	678.39	752.31
c Tax on proposed dividend	138.10	154.03
d Provision for taxation (net of advance tax) (net of MAT credit availed Rs. 47.68 Million (Rs. 56.85 Million))	194.59	58.82
e Others (Refer note no. 26)	124.19	92.30
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<b>Total</b>	1,622.50	1,484.90
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**HEXAWARE TECHNOLOGIES LIMITED**
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
**9 - FIXED ASSETS**

(Rupees Million)

SR. NO.	PARTICULARS	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
		As at 01.01.2015	Additions	Deductions/ Adjustments	As at 30.09.2015	As at 01.01.2015	For the period	Deductions/ Adjustments	As at 30.09.2015	As at 30.09.2015	As at 31.12.2014
A	TANGIBLE ASSETS										
1	Land - Freehold	0.15	-	-	0.15	-	-	-	-	0.15	0.15
	Land - Leasehold (Refer note no.1)	455.87	-	-	455.87	29.67	3.74	-	33.41	422.46	426.20
2	Buildings	2,248.11	1.31	-	2,249.42	178.65	34.22	-	212.87	2,036.55	2,069.46
3	Plant and Machinery	1,568.66	203.72	36.97	1,735.41	1,175.19	132.31	34.78	1,272.72	462.69	393.47
4	Office Equipments	787.21	34.72	0.96	820.97	508.82	82.45	0.68	590.59	230.38	278.39
5	Furniture and Fixtures	578.34	29.21	1.32	606.23	394.39	33.64	1.68	426.35	179.88	183.95
6	Improvements to Leasehold Premises	54.66	33.01	0.92	86.75	30.45	6.90	1.45	35.90	50.85	24.21
7	Vehicles	25.38	-	0.65	24.73	21.34	1.81	0.66	22.49	2.24	4.04
	<b>Total - Tangible Assets</b>	<b>5,718.38</b>	<b>301.97</b>	<b>40.82</b>	<b>5,979.53</b>	<b>2,338.51</b>	<b>295.07</b>	<b>39.25</b>	<b>2,594.33</b>	<b>3,385.20</b>	<b>3,379.87</b>
	<i>Previous year</i>	<i>5,451.59</i>	<i>305.49</i>	<i>38.70</i>	<i>5,718.38</i>	<i>1,995.03</i>	<i>378.49</i>	<i>35.01</i>	<i>2,338.51</i>	<i>3,379.87</i>	
B	INTANGIBLE ASSETS										
1	Software	376.85	57.12	(1.00)	434.97	252.94	55.93	(1.00)	309.87	125.10	123.91
2	Goodwill on consolidation	1,634.54	-	(66.10)	1,700.64	-	-	-	-	1,700.64	1,634.54
	<b>Total - Intangible Assets</b>	<b>2,011.39</b>	<b>57.12</b>	<b>(67.10)</b>	<b>2,135.61</b>	<b>252.94</b>	<b>55.93</b>	<b>(1.00)</b>	<b>309.87</b>	<b>1,825.74</b>	<b>1,758.45</b>
	<i>Previous year</i>	<i>1,885.48</i>	<i>94.07</i>	<i>(31.84)</i>	<i>2,011.39</i>	<i>191.66</i>	<i>61.23</i>	<i>(0.05)</i>	<i>252.94</i>	<i>1,758.45</i>	
C	CAPITAL WORK IN PROGRESS									901.87	350.46
	(Mainly in respect of buildings under construction)										
	<b>CURRENT YEAR</b>	<b>7,729.77</b>	<b>359.09</b>	<b>(26.28)</b>	<b>8,115.14</b>	<b>2,591.45</b>	<b>351.00</b>	<b>38.25</b>	<b>2,904.20</b>	<b>6,112.81</b>	<b>5,488.78</b>
	<i>PREVIOUS YEAR</i>	<i>7,337.07</i>	<i>399.56</i>	<i>6.86</i>	<i>7,729.77</i>	<i>2,186.69</i>	<i>439.72</i>	<i>34.96</i>	<i>2,591.45</i>	<i>5,488.78</i>	

Notes:

1 Includes Rs. 90.00 Million and Rs. 7.17 Million (Previous Year Rs. 6.49 Million) being lease premium and accumulated amortisation respectively in respect part of of leasehold land allotted to the Company at Nagpur for which final lease agreement is being executed.

2 Plant and machinery includes computer systems.

3 Exchange difference (net) on account of translation of fixed assets into INR included under deductions is as follows:

Particulars	Gross Block	Depreciation
Goodwill on consolidation	66.10	-
TANGIBLE ASSETS		
Plant and Machinery	1.51	1.23
Office Equipments	1.26	0.49
Furniture and Fixtures	1.00	1.03
Improvements to Leasehold Premises	0.92	1.47
Vehicles	0.07	0.07
Intangible Assets		
Computer Softwares	1.24	1.00
Current Period	72.10	5.29
<i>Previous year</i>	<i>41.78</i>	<i>8.22</i>

4 During the period, pursuant to application of Schedule II of the Companies Act, 2013, the useful lives of the fixed assets of the holding company has been evaluated and revised where required based on such evaluation. Expert advice has been obtained in respect of assets where the useful lives are different from stipulations of the Schedule II. The impact of the revision is not material.

HEXAWARE TECHNOLOGIES LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Rupees Million)

Particulars	As at 30th September 2015	As at 31st December 2014
<b>10 NON CURRENT INVESTMENTS</b>		
<b>Trade Investments - Others - Unquoted (At cost)</b>		
240,958 equity shares of Rs. 10/- each fully paid up in Beta Wind Farm Pvt.Ltd.	4.58	4.58
<b>Total</b>	4.58	4.58
<b>11 LONG TERM LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD)</b>		
a Capital advances	276.34	56.44
b Security deposits	135.52	119.27
c Advance income tax and fringe benefit tax (net of provision for tax)	342.46	335.04
d MAT credit entitlement	880.76	828.44
e Other loans and advances (includes service tax receivable, prepaid expenses, etc.)	66.90	59.71
<b>Total</b>	1,701.98	1,398.90
<b>12 OTHER NON CURRENT ASSETS</b>		
a Interest accrued on deposits	4.73	9.03
b Unbilled services	39.35	95.69
c Non current bank balances Restricted bank balances (Refer note no. 15)	236.89	223.39
<b>Total</b>	280.97	328.11
<b>13 CURRENT INVESTMENTS</b>		
Investments in Mutual funds (Unquoted)	696.53	1,850.96
<b>Total</b>	696.53	1,850.96

**HEXAWARE TECHNOLOGIES LIMITED**
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

(Rupees Million)

Particulars	As at 30th September 2015	As at 31st December 2014
<b>14 TRADE RECEIVABLES (UNSECURED)</b>		
a Over six months from the due date		
Considered good	29.26	0.10
Considered doubtful	77.12	45.92
	106.38	46.02
Less: Provision for doubtful receivables	77.12	45.92
	29.26	0.10
b Others		
Considered good	4,779.21	3,656.28
Considered doubtful	21.69	15.19
	4,800.90	3,671.47
Less: Provision for doubtful receivables	21.69	15.19
	4,779.21	3,656.28
<b>Total</b>	4,808.47	3,656.38
<b>15 CASH AND CASH EQUIVALENTS</b>		
a Cash in hand	0.10	0.01
b Balances with banks		
In current accounts	2,771.24	2,707.86
Remittances in transit	104.70	0.31
Bank deposit accounts with less than 3 months maturity	6.85	156.84
	2,882.79	2,865.01
c Other bank balances:		
Earmarked balances with banks	93.31	106.05
Unclaimed dividend accounts	112.96	96.76
Margin money	30.62	20.58
	236.89	223.39
Cash and bank balances	3,119.78	3,088.41
d Bank balances reclassified as non current assets		
Restricted bank balances (Refer note no. 12)	(236.89)	(223.39)
<b>Total</b>	2,882.89	2,865.02
<b>16 SHORT TERM LOANS AND ADVANCES (UNSECURED)</b>		
a Considered good		
i. Security deposits	6.82	7.77
ii. Advance Income Tax (net of provision for tax)	15.03	34.30
iii. Other loans and advances (includes service tax receivable, prepaid expenses, employee advances etc.)	616.15	495.84
	638.00	537.91
b Considered doubtful		
Security deposits	35.15	34.78
Less : Provision for doubtful deposits	35.15	34.78
	-	-
<b>Total</b>	638.00	537.91
<b>17 OTHER CURRENT ASSETS</b>		
a Interest accrued on deposits	0.60	0.54
b Unbilled services	2,300.94	1,229.44
<b>Total</b>	2,301.54	1,229.98

**HEXAWARE TECHNOLOGIES LIMITED**
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

(Rupees Million)

Particulars	For the quarter ended 30th September 2015	For the quarter ended 30th September 2014	For the nine months ended 30th September 2015	For the nine months ended 30th September 2014
<b>18 OTHER INCOME</b>				
Dividend from current investments	8.30	22.38	39.82	103.48
Profit on sale / diminution in value of current investments (net)	-	-	-	0.44
Interest income	4.70	7.53	10.85	50.52
Profit/(Loss) on sale of fixed assets (net)	0.23	0.05	(0.10)	(1.13)
Miscellaneous income	1.80	1.05	21.76	36.28
<b>Total</b>	15.03	31.01	72.33	189.59
	=====	=====	=====	=====
<b>19 SOFTWARE AND DEVELOPMENT EXPENSES</b>				
Consultant travel and related expenses	352.29	273.33	1,110.41	885.63
Software expenses *	1,036.03	737.37	2,802.40	2,035.06
<b>Total</b>	1,388.32	1,010.70	3,912.81	2,920.69
	=====	=====	=====	=====
* Includes subcontracting charges	989.42	680.26	2,695.17	1,718.01
<b>20 EMPLOYEE BENEFITS EXPENSE</b>				
Salary and other allowances	3,901.44	3,379.56	11,219.05	9,305.36
Contribution to provident and other funds	503.81	386.43	1,365.68	1,078.95
Staff welfare expenses	118.51	82.06	288.85	215.85
<b>Total</b>	4,523.76	3,848.05	12,873.58	10,600.16
	=====	=====	=====	=====
<b>21 OPERATIONS AND OTHER EXPENSES</b>				
Rent	70.15	63.89	199.34	189.70
Rates and taxes	12.20	7.26	31.35	28.49
Travelling and conveyance	188.28	160.34	522.78	486.35
Electricity charges	53.74	45.54	150.73	131.40
Communication expenses	63.79	63.18	177.96	169.73
Repairs and maintenance	63.44	25.31	182.47	121.59
Printing and stationery	7.55	6.43	24.67	17.97
Auditors remuneration	8.62	6.75	25.93	18.96
Legal and professional fees	29.00	77.64	102.61	198.46
Advertisement and business promotion	44.68	34.69	111.77	105.03
Bank and other charges	2.74	2.30	7.26	6.43
Directors' sitting fees	0.23	0.24	1.04	0.66
Insurance charges	13.36	14.16	38.91	39.60
Loss of asset due to fire / Assets written off	-	0.02	-	0.07
Debts and advances written off (net of recoveries)	1.61	-	5.28	1.48
Provision for doubtful accounts (net of write back) *	11.78	11.71	36.50	(4.00)
Staff recruitment expenses	50.11	50.06	115.78	96.73
Service charges	46.63	42.62	145.16	134.66
Miscellaneous expenses	31.36	27.35	115.53	76.95
<b>Total</b>	699.27	639.49	1,995.07	1,820.26
	=====	=====	=====	=====
* Net of write backs	8.17	3.53	13.62	21.46

**HEXAWARE TECHNOLOGIES LIMITED**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**22 Contingent liability 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 9.74 million (31st December 2014 Rs 8.99 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 under progress.

**23 Derivative Instruments**

Forward exchange contracts to Sell US Dollar 147.30 million and Euro 5.70 million are outstanding as of 30th September, 2015. (31st December 2014 US Dollar 183.86 million and Euro 2.74 million )

Fair value net loss of the derivative instruments identified as cash flow hedges is Rs. 77.38 million as at 30th September, 2015 (31st December 2014 Rs.76.73 million).

Net loss of Rs.79.53 million recognized in Hedging Reserve as at 30th September 2015 is expected to be recycled to Statement of Profit and Loss over two years.

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

Particulars	For the quarter ended		For the nine months ended	
	30th September 2015	30th September 2014	30th September 2015	30th September 2014
Net profit after tax (in Rupees Million)	1,116.15	860.19	2,938.49	2,328.91
Weighted average outstanding equity shares considered for basic EPS (Nos)	301,397,685	300,572,933	301,240,241	300,314,192
Basic Earnings per share (in Rupees)	3.70	2.86	9.75	7.75
Weighted average outstanding equity shares considered for basic EPS (Nos)	301,397,685	300,572,933	301,240,241	300,314,192
Add : Dilutive impact of employee stock options (Nos)	2,929,230	1,313,328	3,051,899	1,488,343
Weighted average outstanding equity shares considered for diluted EPS (Nos)	304,326,915	301,886,261	304,292,140	301,802,535
Diluted Earnings per share: (in Rupees)	3.67	2.85	9.66	7.72

**HEXAWARE TECHNOLOGIES LIMITED**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**25 Related party disclosures**

**Names of related parties**

**Ultimate Holding Company and it's 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

Parel Investment Holdings Limited, Mauritius

**Holding Company (control exists)**

HT Global IT Solutions Holdings Limited, Mauritius

**Key Management Personnel (KMP)**

Mr. P. R. Chandrasekar - Vice Chairman (KMP Upto 31st December 2014)

Mr. R. Srikrishna - Executive Director and CEO (KMP from 28th July 2014)

Mr R. V. Ramanan – Executive Director and President Global Delivery (upto 15th September 2014)

Mr Amrinder Singh - Whole Time Director of Hexaware Technologies UK Ltd

Mr Rajiv Pant – President, North America operations of Hexaware Technologies Inc. (upto 30th August 2015)

**Others**

Ms Kala Ramanan – Relative of KMP – (upto 15th September 2014)

Particulars	Remuneration (Rupees Million)	
	Quarter Ended 30th September 2015	Nine months Ended 30th September 2015
Mr. R Srikrishna ( including share based payment)	34.65 (76.37)	101.82 (76.37)
Mr. P R Chandrasekar	- (23.19)	- (69.96)
Mr. R V Ramanan	- (2.43)	- (11.15)
Mr. Rajiv Pant	3.15 (7.88)	33.35 (35.10)
Mr. Amrinder Singh	5.89 (6.03)	17.01 (17.51)
	Guest House Rent (Rupees Million)	
Ms. Kala Ramanan	- (0.23)	- (0.89)
	Closing Balances	
Payable to KMP (Rupees Million)	28.10 (78.52)	
Options / RSU's granted to KMP (Nos.)	607,238 (12,500)	

Previous period / year figures are given in brackets

**HEXAWARE TECHNOLOGIES LIMITED**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

26 Provision Others' represents provisions towards expenditure relating to employee benefit obligations on contract acquisition and provision for loss on contract execution, the outflow for which is expected in the next year.

(Rupees Million)

Particulars	As at	
	30th September 2015	31st December 2014
Provision at the beginning of the period / year	92.30	151.55
Provision made during the period / year	72.97	57.84
Paid /Adjusted during the period / year	(41.08)	(117.09)
Provision at the end of the period / year	124.19	92.30

27 Segments

Quarter ended 30th September, 2015

(Rupees Million)

Primary Segment : Business Segments	Travel and Transportation	Banking and Financial Services	Insurance and Healthcare	Manufacturing, Consumer and Others	Total
Segment Revenue	1,365.58	3,078.76	1,344.03	2,395.52	8,183.89
	(1,080.78)	(2,434.26)	(1,062.93)	(2,128.19)	(6,706.16)
Segment Results	280.40	395.43	287.95	497.18	1,460.96
	(218.32)	(323.90)	(229.92)	(435.78)	(1,207.92)
Less: Unallocable expenses					38.06
					(145.34)
Add: Other Income					15.03
					(31.01)
Less: Interest					0.66
					(6.54)
Profit before tax					1,437.27
					(1,087.05)
Less: Provision for taxation					321.12
					(226.86)
Profit after tax					1,116.15
					(860.19)
Secondary Segment – Geographic Segment	North America	Europe	India	Rest of the World	Total
Revenue attributable to location of customers	6,629.55	1,086.62	151.02	316.70	8,183.89
	(5,301.66)	(915.70)	(141.56)	(347.24)	(6,706.16)
Segment assets based on their locations	6,323.10	1,236.98	7,794.50	188.70	15,543.28
	(4,433.00)	(971.12)	(6,681.90)	(201.52)	(12,287.54)
Additions to fixed assets (including capital work in progress)	71.76	2.63	388.76	0.85	464.00
	(19.57)	(0.75)	(153.43)	(0.34)	(174.09)
Goodwill	1,550.86	149.78	-	-	1,700.64
	(1,490.58)	(143.96)	(-)	(-)	(1,634.54)

**HEXAWARE TECHNOLOGIES LIMITED**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

Nine months ended 30th September, 2015					
					(Rupees Million)
Primary Segment : Business Segments	Travel and Transportation	Banking and Financial Services	Insurance and Healthcare	Manufacturing, Consumer and Others	Total
Segment Revenue	3,882.58	8,587.18	3,672.62	6,897.79	23,040.17
	(3,256.08)	(6,373.70)	(3,122.29)	(5,946.72)	(18,698.79)
Segment Results	723.45	1,102.32	809.78	1,419.73	4,055.28
	(715.06)	(726.67)	(619.22)	(1,296.73)	(3,357.68)
Less: Unallocable expenses					339.18
					(485.65)
Add: Other Income					72.33
					(189.59)
Less: Interest					0.83
					(6.92)
Profit before tax					3,787.60
					(3,054.70)
Less: Provision for taxation					849.11
					(725.79)
Profit after tax					2,938.49
					(2,328.91)
Secondary Segment – Geographic Segment	North America	Europe	India	Rest of the World	Total
Revenue attributable to location of customers	18,722.52	2,966.01	426.62	925.02	23,040.17
	(14,740.59)	(2,545.81)	(422.85)	(989.54)	(18,698.79)
Segment assets based on their locations	6,323.10	1,236.98	7,794.50	188.70	15,543.28
	(4,433.00)	(971.12)	(6,681.90)	(201.52)	(12,287.54)
Additions to fixed assets (including capital work in progress)	118.38	3.02	787.47	1.63	910.50
	(31.26)	(2.51)	(310.01)	(8.76)	(352.54)
Goodwill	1,550.86	149.78	-	-	1,700.64
	(1,490.58)	(143.96)	(-)	(-)	(1,634.54)

**Notes**

1. The Company has identified business segment 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 January 1, 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 periods 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.

3. Assets and liabilities contracted have not been identified to any of the reportable business 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.

4. Previous period /year figures are given in brackets.

**HEXAWARE TECHNOLOGIES LIMITED**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**28** 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 10<sup>th</sup> October 2014 , the appointed date of merger being 1<sup>st</sup> April 2013.

The Scheme was given effect to in the standalone financial statements during the quarter and nine months ended 30th September 2014. The amalgamation had the impact of reducing General Reserve by Rs 41.12 million and increasing the balance in securities premium account by an equivalent amount in the consolidated financial statements for the previous year.

**29** Hitherto, the Company accounted for stock options granted to employees under the intrinsic value method. Subsequent to 1st April, 2015, the Company granted 8,415,924 Restricted Stock Units (RSU) to the employees of the Company and its subsidiaries. The Company has recognised employee stock option compensation cost for such RSU using fair value method, being the recommended method of valuation by the Guidance note on Accounting for Employee Share-based Payments issued by the Institute of Chartered Accountants of India. The difference between the fair value and intrinsic value is not material to the profit for the period.

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

**For and on behalf of the board**

**R Srikrishna**  
**(CEO and Executive Director)**

**Dileep Choksi**  
**(Director)**

Place : Mumbai  
Date : 3rd November 2015