Hexaware TECHNOLOGIES
YOUR SUCCESS IS OUR FOCUS

SUSTAINABLE **GROWTH**

ANNUAL REPORT
2011

TECHNOLOGY SOLUTIONS
INNOVATION
CUSTOMER FOCUS
HUMAN CAPITAL

MILESTONES

1990
Hexaware was formed in India

1995
Operations started in North America and Europe

1997
Establishment of Airlines practice

Wins first client for Airlines practice- Air Canada

1998
Development centres established at Mumbai and Chennai with an overseas branch at Princeton, USA

1999
Achieves SEI CMM –Level 4 assessment for ODCs

2000
Partners with PeopleSoft in India for SEI CMM - Level 5 ODC assessment

2001
Merges with the software division of Aptech. This merged entity later demerged from the training arm and is now called 'Hexaware Technologies Limited'

Hexaware goes public in January 2001

2003
Wins mandate to set-up and manage PeopleSoft India Service Centre

2004
Launch of Caliber Point as an independant BPO arm

Opens new office and proximity centre in Germany

Launches SAP Practice, wins first major SAP implementation

Assessed at level 5 of the SEI CMM

2005
Ranked 11th in NASSCOM Top 20

Ranked among the best employers by DQ-IDC

2006
Completes successful acquisition of Focus Frame in Testing services

2007
Positioned in the Gartner Magic Quadrant for North American offshore application services

2008
Launch of Remote Infrastructure Management Services

Hexaware's Green Campus at Siruseri goes live

Ranked 15th in the NASSCOM Top 20 IT Software and Services exporters from India

2009
Presented the CIO 100 Ingenious award by IDG at the 4th annual CIO 100 Symposium

2010
Expands reach to 20 countries

Signs the first USD 100+ mn contract

Establishes Global Delivery Centre in Bengaluru, India

Global Platinum Partnership with Oracle

2011
Wins a USD 250 mn contract – largest for the Company till date

Signs USD 177 mn contract

Wins Golden Peacock Award for Excellence in Corporate Governance

Contents

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our future prospects and take investment decisions. This report and other statements - written and oral that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', 'forecasts', 'guides' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward looking statements will be realised, although we believe we have been prudent in assumptions. The achievements of results are subject to risks, uncertainties, and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated, or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Board of Directors

Standing from Left to Right

Mr. R. V. Ramanan (Executive Director & President – Global Delivery)

Mr. P. R. Chandrasekar (Global CEO & Vice Chairman)

Mr. Atul K. Nishar (Founder & Chairman)

Mr. Bharat Shah (Director)

Sitting from Left to Right

Mrs. Preeti Mehta (Director)

Mr. S. Doreswamy (Director)

Standing from Left to Right

Mr. S. K. Mitra (Director)

Mr. Abhay Havaldar (Director)

Mr. Ashish Dhawan (Director)

Sitting from Left to Right

Mr. Shailesh V. Haribhakti (Director)

Mr. L. S. Sarma (Director)

Atul Nishar, Chairman

CHAIRMAN'S LETTER

Dear Shareowners,

It is my privilege to present to you the 19th Annual Report of our Company, which has achieved healthy financial results, in spite of the challenging business environment witnessed by the industry for the year gone by. Driven by a single-minded desire to achieve, the revenue from operations recorded a robust annual volume growth of 37.6% to ₹ 1,450.50 cr in 2011. During 2011, Hexaware has significantly outperformed the industry growth rate by achieving double the growth rate reported by Nasscom for 2011. Revenue growth translated into higher profitability resulting in improvement in the gross margins by 400 basis points (Y-o-Y) to 38.4%, while our EBITDA margins expanded to 18.02%; up 940 basis points from 8.58% in 2010. Operating profit (EBIT) margin continued its expansion to 16.32%; a sequential increase of 1,000 basis points from 6.28% in 2010. The twin elements of rising top-lines and increasing operating profitability margins have had a consequent impact on the Profit after Tax, which increased to ₹ 267.00 cr in 2011; up 148% from ₹ 107.60 cr in 2010.

From a business standpoint, there was all round growth in all the geographies. It was heartening to see Europe and Asia Pacific contribute positively to the growth trajectory of your Company. This year also witnessed launch of a new vertical in the form of Healthcare and Insurance. Driven by the initiatives undertaken, the revenue share from the above business domain aggregated to 16% in the fourth quarter of 2011. In the light of this, Healthcare and Insurance has been carved out as the third focus vertical for Hexaware following Banking and Capital Markets (BFS) and Travel and Transportation (GTT). We remain committed to investing in strengthening our domain capabilities and developing new service offerings tailored to unique customer requirements globally.

We are continuing to focus on our Top 20 accounts in pursuit of large deals and are expanding our focused account management activities to cover beyond our Top 20 clients. Hexaware has secured six large deals over the past six quarters and has a healthy pipeline entering 2012. During the year 2011, four such large deals were signed. We signed our largest contract till date with value estimated at USD 250 mn with an existing client. Additionally, we have also secured a large contract potentially worth USD 177 mn over a five-year term. These large deals were won on the back of our dominant position in multiple technology platforms, an exemplary execution track record and a partnership approach to ensure maximum value accretion for the client.

DIVIDEND
₹ 4.00
% of Face Value
▲200

PAT
₹ 267 CR
% Growth
▲148

Remote Infrastructure Management Services (Remote IMS) contribute nearly 4% to our global revenue. In line with our strategic plan, Hexaware will continue to strengthen its competencies and invest in newer market niches within Remote IMS such as Enterprise Security Solutions and emerging areas such as Virtualisation and Cloud Services.

We have been steadily ramping up our delivery capability to cater to the demand uptake visible in the market place. The global headcount as on December, 2011 increased to 8,317 - an increase of 1,806 compared to December, 2010, exceeding our original forecast of 1,500 net addition in 2011. There has been a continued addition to sales and marketing team in the field and strengthening of our execution team throughout the year. One of the key focus areas for us has been to strive to create value for customers, both existing and new. We have consistently added 10-12 new clients every quarter and the excellent service standards and relationship management has ensured 192 active clients at the end of this year. We possess 52 clients in the Fortune/ Global 500 Lists and 52 clients generate more than USD 1 mn revenues per annum. Moreover, our Top 10 clients have contributed to 52.6% of revenues in the fourth quarter of 2011.

During the year 2011, we have invested ₹ 63.30 cr towards capital expenditure for physical infrastructure mainly in Chennai SEZ campus and for technical/ IT infrastructure. These investments help our Company ramp-up and scale for the next leg of growth during 2012 and beyond.

A best-in-class leadership team is the biggest driver in pursuit of excellence and maximising shareholder value in any organisation. We boast of a leadership team of excellent individuals who not only lead with vigor in their own areas of expertise but also synergise to achieve the common goal of Hexaware.

A major focus area for us is customer-centricity as we have built our organisation with an extensive focus on delivering value to the customer. We strive not only to ensure we deliver to the commitments made but are in constant pursuit of delivering maximum value to our customers. We believe in achieving wholesome growth for all the stakeholders and our excellent customer relationships are a testimony to the same.

As an organisation, Hexaware believes in achieving excellence and this can only be ensured by absolute belief in our core competencies which are established around areas of specialisation. Our focus will be restricted to pockets to attain leadership in those chosen segments viz. Capital Markets within which Asset Management in a much larger Banking and Financial Services, Airlines in Travel and Transportation, PeopleSoft in Enterprise Solutions, IP-led differentiation in both BI/BA and Testing as well as synergistic service offerings between IT and BPO.

As I conclude, I am pleased to announce that this stellar performance has helped us reward our shareholders in a significant manner with a final dividend of ₹ 1.50 per share (75%) subject to the approval of the shareholders. This brings the total dividend for the year 2011 to ₹ 4.00 per share (200%) on double the equity share capital post 1:1 bonus issue of equity shares in 2011, up from ₹ 3.00 per share (150%) for the year 2010. I thank you for your continued support and co-operation and will look forward to the same in the future.

Yours Sincerely,

Atul K. Nishar

Atul Nishar
Chairman

P. R. Chandrasekar,
Global CEO and Vice-Chairman

CEO SPEAKS

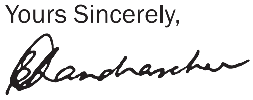
Dear Shareholders,

It gives me immense pleasure to share that your Company delivered best in class revenue growth in the industry for 2011. It is satisfying to see the efforts expended over the last several years bear fruit in 2011. We continue on the same path – strengthening our domain competencies, increasing the breadth and depth of our horizontal service lines, continuing to focus on Innovation and adding value to our clients through all the steps mentioned above. Year 2011 was a robust year on multiple fronts - USD 308 mn in revenues surpassing all the upwardly revised guidance issued for the year, and four large deals during the course of the year in attestation of excellent execution. We added 51 new clients during the year 2011 and ended the year with 192 active clients including 52 Fortune 500/ Global 500 companies. Revenues from new clients accounted for 6-7% of total revenues with promise to grow into much larger accounts over the medium term. This ability to differentiate using core strengths helps us build relationships, and enables successful cross-selling to further grow each account. As a Company, we intend to drive our growth through securing these wins with existing clients and winning new orders through new initiatives such as carving out new verticals like Healthcare and Insurance, launch of a new horizontal - Remote IMS offering, and strengthening our market presence in UK, Latin America and Australia.

The heartening aspect of 2011 was the profitability margins which continued to expand in all the four quarters in succession resulting in an exit EBITDA margin of 23% in Q4 2011. During the year, the focus on managing the multiple levers paid dividend through a margin expansion across all the levels - Gross Margins, Operating Margins, Profit Before Tax and Net Income. To drive our growth momentum, we increased our global headcount to 8,317 with 1,806 net additions, of which nearly a third were fresh graduate engineers from engineering schools. To cap a healthy performance, attrition during Q4 2011 dropped to 13.9% well below industry standards.

As a result, a sizable percentage of all Hexawarians today are fresh engineers – a number that will only grow, with implications on average cost and our competitive efficiencies going forward. Our growth is now truly broad-based; empowering us with adequate drivers. The performance in 2011 sets us on a platform to mitigate risks in an uncertain macro environment. The changes in the cost structure attained in the period of 2009 – 2011 makes Hexaware a competitive organisation. The success seen with the large deals renders Hexaware with potency to compete for large deals and new business in the market place. All of these have enabled Hexaware to expand its footprint in the market place. Thus, while PeopleSoft remains a dominant platform for differentiation, we now see benefits coming in form of increased experience in Oracle and SAP through recent wins. Even as an emerging practice, IMS accounted for almost 4% of our revenues this year, as our endeavour has been to win business in existing clients. We foresee further enhancements in metrics like resource mix and team structure, offshore business ratio and operational productivity cutting across technical and sales organisation for better performance over the medium-term. All these would obviously help Hexaware in its stated goal of meeting the guidances put out for 2012 and pursuing the goals far beyond. With satisfaction in our collective achievements, I invite you at a very opportune time to join us on our growth story!

Yours Sincerely,



P. R. Chandrasekar,
Global CEO and Vice-Chairman

VISION

We ensure customer satisfaction by adding value and honouring commitments at all times. We are committed to building shareholder value and maintaining high standards of corporate governance. We strive to be an eco-friendly organisation, inculcating good corporate citizenship.

MISSION

To be competitive and proactive in providing software solutions to customers by continuously striving to exceed their expectations.

Global Presence

Hexaware's global footprints span across 5 continents, 20 countries and 31 locations.

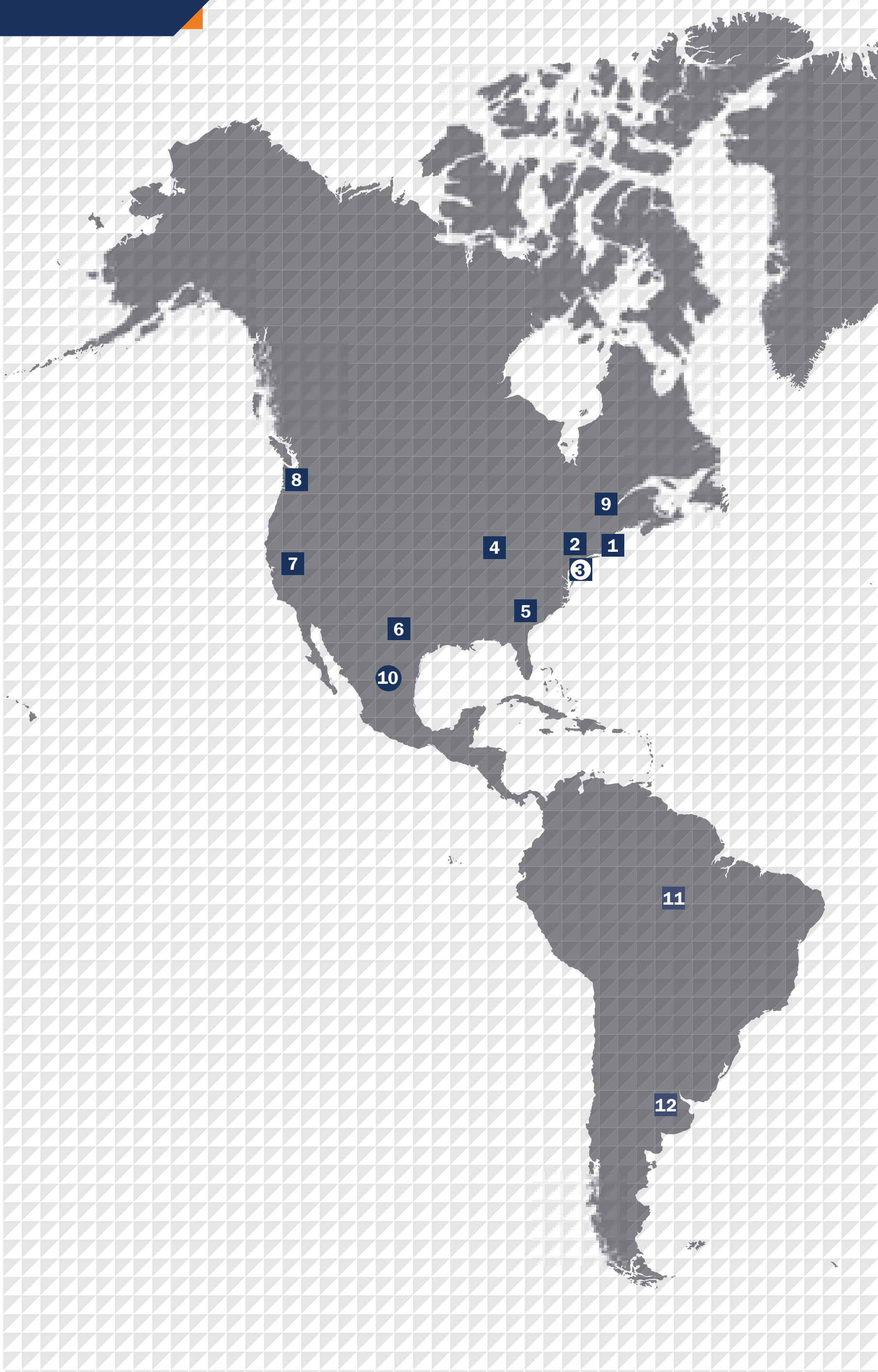
NORTH AMERICA
1 Boston
2 Manhattan, NY
3 New Jersey
4 Chicago
5 Atlanta
6 Texas
7 California
8 Seattle
9 Montreal
10 Mexico (Saltillo)

SOUTH AMERICA
11 Brazil
12 Argentina

EUROPE
1 United Kingdom
2 Netherlands
3 Belgium
4 Germany
5 France

ASIA
1 Qatar
2 Dubai
3 Saudi Arabia
4 Mumbai (Mahape)
5 Pune
6 Nagpur
7 Bengaluru
8 Chennai (Siruseri)
9 Japan
10 Malaysia
11 Singapore
12 Hong Kong

OCEANIA
1 Australia
2 New Zealand



● Delivery Centres only ■ Offices only ▢ Offices and Delivery Centres both

Organisational Structure

Atul K. Nishar
Founder and Chairman

P. R. Chandrasekar
Global CEO and Vice - Chairman

R. V. Ramanan
Executive Director and President - Global Delivery

Rajiv Pant
President, North America

Ramanan Seshadri
Senior Vice President and Head, Europe

Uday Reddy
Senior Vice President, APAC

Ravi Vaidyanathan
Senior Vice President and Global Head – BFS

Madhu Kumar
Senior Vice President and Global Head - Travel and Transportation

Amberin Memon
Vice President – Healthcare and Insurance

Moorthi Chokkanathan
Executive Vice President - Enterprise Solutions

Anand Moorthy
Head - Quality Assurance and Testing Services

R. U. Srinivas
Chief Executive Officer - Caliber Point

Nataraj N.
Chief Information Officer and Global Head - IMS

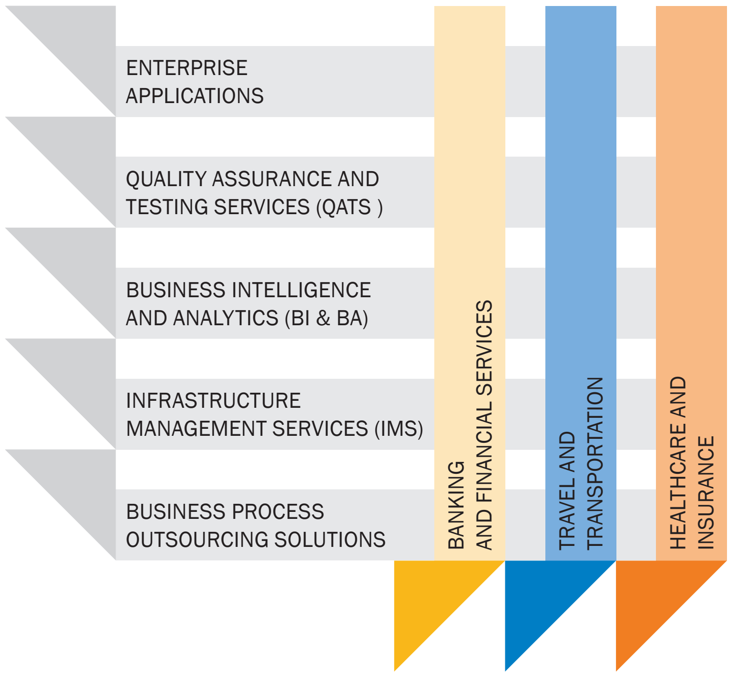
Deependra Chumble
Chief People Officer

Prateek Aggarwal
Chief Finance Officer

Sreenivas V.
Chief Strategy Officer

Widening Spectrum

Hexaware's software solutions comprise several unique advantages, ensuring superior expertise and cost-efficiency.



Enterprise Applications

Over 67% of all organisations are actively investing to change their Enterprise Application (EA) programs, while only about 40% of all programs report into an IT leader globally.

Our expertise of over 1,500 ERP professionals and dedicated CoEs facilitates better business impact in various fields like Human Capital Management, Payroll, Financials, Supply Chain, Operations and Customer Relationship Management.

We leverage over 4,000 person years of project experience and 500 engagements globally, including successful implementation of technologies like PeopleSoft, SAP, Oracle Applications, CRM and Microsoft Dynamics to effect an increased RoI from clients' ERP investments.

PeopleSoft

Hexaware is a leading PeopleSoft offshore services provider with a suite of services like consultation, implementation, upgrade, rollouts, business process consulting and maintenance in Financial solutions, HRMS, EPM, CRM, Campus solutions and SCM across all industries and geographies.

Oracle

We offer comprehensive range of services across Oracle E-Business Suites, Oracle Fusion Middleware, Databases and Shared Services, spanning complete application life-cycle from design, development, implementation, upgrades, migration, integration and support of global rollouts to deliver successful business solutions that maximise client RoI.

SAP

Hexaware enjoys a proven record of being a 'trusted SAP partner' of leading Global 1,000 companies, with complete service spectrum from global implementation and rollout, ADM, application support, integration, upgrades, testing, PeopleSoft to SAP migration as well as business transformation with a growing number of clients.

Quality Assurance and Testing Services (QATS)

Over 40% of all global enterprises will make independent security testing prerequisite for using any type of cloud service, over the next five years.

Hexaware's QATS unit is a niche testing service with end-to-end quality assurance, verification, validation and specialised services in financials, transportation, insurance, healthcare, and retail domains across technologies like ERP, Mobile, Legacy, Client Server, Business Intelligence and Web-based applications. Strategic partnerships with leading vendors - HP, SAP, IBM, as well as leveraging expertise of our Test strategy consulting arm Focus Frame helps Hexaware deliver proprietary accelerators and value-added services to reduce ownership cost, diminish time to market and improve application quality.

Business Intelligence and Analytics (BI/BA)

Hexaware's Business Intelligence and Analytics practice includes services like consulting, articulation and development, as well as deployment and support to architect and implement data warehouses and BI systems. We employ solution accelerators, process frameworks and jumpstart analytical kits, for any part of business process to help organisations transform into dynamic enterprises through actionable intelligence. A deep domain exposure of over 1,850 person years, several patent-pending innovations, faster and efficient deployment, have thus far helped us create over 75-plus active and satisfied customers from Fortune 1,000 companies across diverse industries. Mobile Business Intelligence is fast becoming a common channel for distributing business information, just as the Web did a few years ago – presenting a viable extension to desktop-based BI.

Infrastructure Management Services (IMS)

Hexaware's IMS practice offers Cloud, and a comprehensive spectrum of other Professional Services (PS), Managed Services (MS) and Enterprise Security Solutions (ESS) customised to help clients build a viable operational plan that best fits the Company's innate business needs. Based on ITIL/ ITSM guidelines for service delivery, our operations focus on scalable performance, reduced costs across infrastructure value chain and application as well as data security.

Globally benchmarked NOC and SOC enable the best-in-class remote IMS in providing shared-and-dedicated services with best practices for optimum results and successful engagements.

Cloud computing is fast becoming a top technology priority in 2012 and beyond, for manufacturers and communications as well as service providers globally.

Business Process Outsourcing Solutions

Caliber Point, a wholly owned subsidiary of Hexaware Technologies is a fast growing provider of Business Process Outsourcing (BPO) services and solutions. A highly focused and customer centric organisation, Caliber Point has significantly enhanced its operational drivers, and is recognised today for its strong metrics culture.

Our solutions span different business functions including Human Resources, Finance, Accounting, Sales and Marketing and support the core operations of industries like Healthcare, Insurance, Financial Services, Market Research, Business and Professional Services, among others. We now have an established consulting practice, new business models, delivery locations and capabilities like delivering offshore as well as onshore support as per customer requirements.

Banking and Financial Services

Listed among Top 100 Global Providers of Financial Technology services at the FinTech 100, Hexaware offers IT - BPO, Risk Management and compliance solutions to service Retail and Investment Banks, Asset Management and Financial Services companies worldwide.

Our deep domain and technology expertise helps several global organisations in ADM and support, re-engineering, consulting, legacy migration, risk management and more. Our specialisation in retail and corporate banking, credit cards, lending and leasing products for banks/ FIs, as well as data management for wealth management firms helps in achieving faster time-to market for our clients.

Travel and Transportation

Powered a resource pool of 1,000+ technical and functional consultants, Hexaware is the leader in the space of Application Development and Maintenance, Support, System Integration and Modernisation for the travel and transportation vertical. We have 14 years of experience in supporting various mission-critical applications for leading travel and transportation providers and help them achieve their goals of quality customer experience with obvious cost advantages and continuous process improvement.

Hexaware is now rapidly expanding its presence in the Transportation micro-segment as the Transportation Management System (TMS) market is estimated to maintain growth for several years, with a five-year compounded annual growth rate (CAGR) exceeding 10%.

Healthcare and Insurance

Currently there are many opportunities in Healthcare for External Enterprise IT Spending across areas like Mobile Devices, Network services, Vertical-Specific and Infrastructure Software, regulatory compliance and more.

Hexaware provides a comprehensive range of consulting, implementation, outsourcing and testing services that equip healthcare organisations to excel in rapidly changing markets.

We employ best-in-class SMEs to closely monitor industry trends and leverage our delivery framework to address issues like regulatory deadlines, systems integration, data warehousing, BI and client satisfaction. Our solutions span multiple areas like Healthcare SCM, Patient Accounting and Revenue Cycle management, HR and Financial applications, BPO services for medical billing and claims processing and Electronic Health Records (EMR/EHR) management.

Likewise, Hexaware is a preferred vendor providing specialised offerings in Business Intelligence, Testing and portal solutions for insurance companies.

Strengthening Niche Expertise

We are acclaimed leaders in niche segments such as PeopleSoft services, Airlines industry and in geographies like Germany, where we have several advantages - high quality and cost efficiency, domain expertise and a global delivery model.

Our business USPs:

- Leadership in focus areas
- Right-sized for scalability and relationship comfort
- Innovative business models to address specific customer needs, thus becoming endearing 'partners' to all our clients over the long term

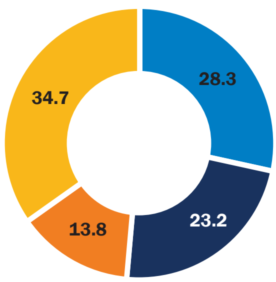
We are well-positioned to derive advantages from our large near-shore and offshore delivery centres (ODCs) through our multicultural dimensions and thorough an understanding of work culture across different regions. We serve 192 clients in more than 20 countries, offering several services.

Revenues Generated

- Our Top 10 clients account for over 51.1% of our business over the past few years with an increasing Y-o-Y revenue in dollar terms.
- North America continues to be our major source of revenues – generates over 65% of our total revenues.
- From a vertical standpoint, Banking and Financial Services generates 28% of the global revenues while Travel and Transportation is responsible for 23% of our annual revenues. Likewise Enterprise Solutions now contributes 30.7% of our total revenues compared to 27.8% in 2010.

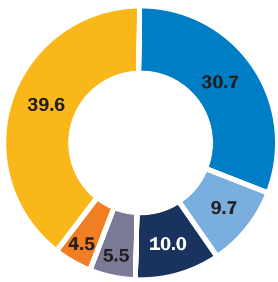
REVENUE breakup in 2011 by:

PRACTICE AREAS (%)



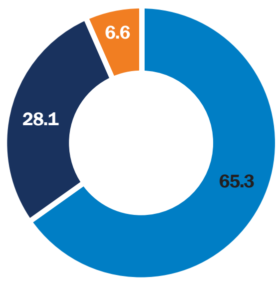
- Banking and Capital Markets
- Travel and Transportation
- Healthcare and Insurance
- Emerging Verticals

SERVICE OFFERINGS (%)



- Enterprise Solutions
- Quality Assurance and Testing Services
- Business Intelligence and Analytics
- Business Process Outsourcing
- Remote Infrastructure Management Services
- Application Development and Maintenance

GEOGRAPHICAL REGIONS (%)



- Americas
- Europe
- Asia Pacific

USD 20 mn+
3 clients

USD 10 mn+
5 clients

USD 5 mn+
12 clients

USD 1 mn+
52 clients

We have dedicated account mining team to grow existing accounts exclusive of the 'hunting' team that generates revenues from new clients/new logos. These teams work on the mutually exclusive collectively exhaustive basis, and between them cover the entire landscape of 'Target Client Accounts' for optimal business results.

Our existing client relationships provide opportunities for cross-selling of our emerging service offerings and newer areas of focus. All our major deals signed recently have mostly been a mix of all our service offerings in different combinations and varying proportions.

In 2011, the Company had three clients with annual revenues in excess of USD 20 mn, and five clients which had revenues of more than USD 10 mn. We had 47 clients with revenues between USD 1–10 mn – a number that keeps growing over time.

A substantial portion of our revenues comes from clients where our relationship goes back at least five years - an illustration of stability, trust and confidence our clients place on us.

We are preferred vendors and even partners to many of these clients with access and good rapport with their senior management to drive both the organisations forward.

The Year in Quarters

Notwithstanding an uncertain global business scenario, the number of large deals Hexaware has signed over the preceding six quarters testifies our capabilities and core competencies in the marketplace.

Q1 (Jan-Mar)

- Hexaware signed a deal worth between USD 10 mn and USD 15 mn with an existing North American client in the BFS vertical, to support the Client's **Banking and Investment Management business by leveraging its technological capabilities in the Enterprise Solutions Space and tapping its intellectual assets** (tools, methodologies and solutions) in the Asset Management domain.

Q2 (Apr-Jun)

- Hexaware clinched a USD 25 mn deal over a three-year duration for providing Remote Infrastructure Management Services (Remote IMS) for an existing European client, whose footprint spans Americas, Europe and Asia Pacific regions. **The Company expects to deploy 150+ employees globally on this engagement managing all aspects of Infrastructure Support.**

Q3 (Jul-Sep)

- Signed a contract with potential worth of USD 177 mn, including USD 100 mn incremental business over the next five-years. Hexaware will continue offering services to this Strategic customer that cuts across ERP, BI/BA, QATS, BPO and Application Maintenance. **Hexaware is expected to ramp the team up to a peak size of 600+ personnel over a period of four to six quarters from across 15 locations spread globally.**

Q4 (Oct-Dec)

- Signed a 5-year contract worth USD 250 mn with an existing client in UK, for a team to **ramp up to a peak size of 800 personnel operating under Dedicated Global Delivery Centres** to offer ERP, BI/ BA, QATS, ADM and IMS Solutions, spanning across new geographies.

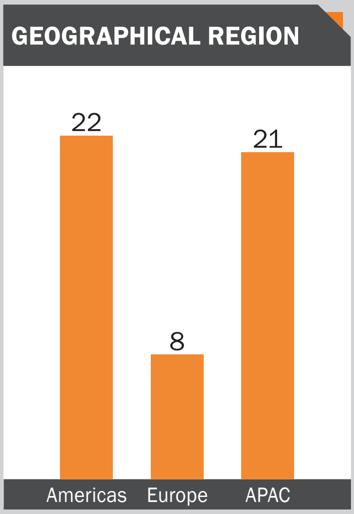
Exploring New Vistas

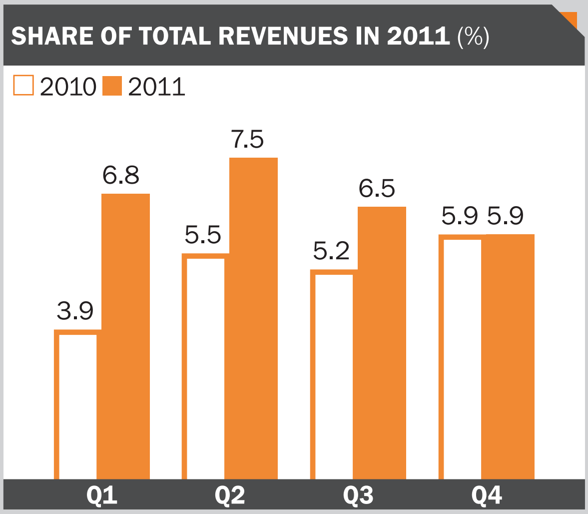
While business from existing clients forms the backbone for any company, our 'hunting' teams worked consistently to ensure a healthy addition of 10-12 new client wins every quarter

Before entering into 2011, the Company had fully streamlined its sales and business development workforce across different locations in various geographies by carving out separate and distinct 'new logo hunting' and 'existing client mining' teams with focus on driving growth through different channels. During the last four quarters, we have added 12 sales professionals to drive growth in our areas of focus. Our domain experts augment the presence of the business development team striving to create new opportunities by identifying the unique yet unstated requirements of the end clients. The manner in which we approach our clients has significantly improved and we will clearly continue to invest in our growth engine going forward. Revenues from new accounts represent 6+% of our business compared to the share earlier and we are striving hard for this ratio to continue.

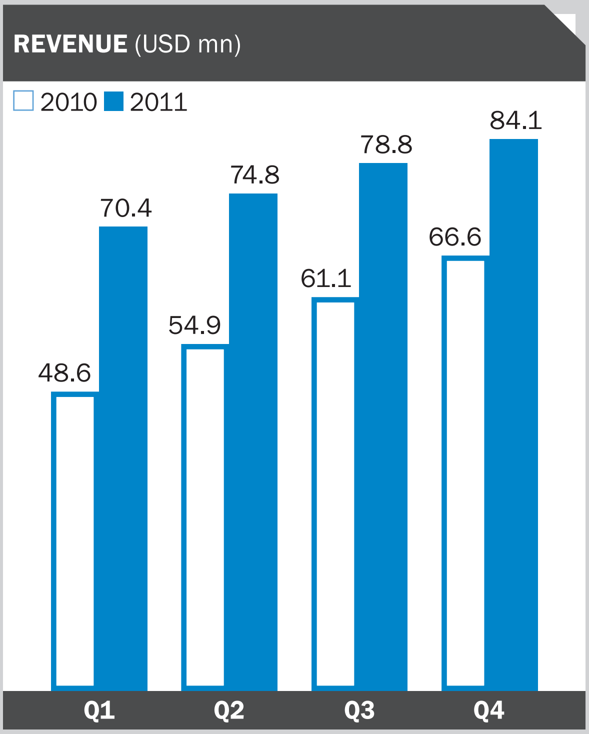
As an integral component of the corporate strategy, Hexaware invests a lot of management time in building relationships and growing the focus client accounts. Thus, we continue to strengthen the relationships with the client, retaining the client over long periods, and use that as a foundation to generate revenue which is in the nature of annuity. Thus, we are certain that of the 51 new deals in 2011, at least 30-50% of the clients are potential multi-million dollar relationships over the medium term. Some of our new projects in pipeline are opportunities of in excess of USD 25 mn in terms of total contract value.

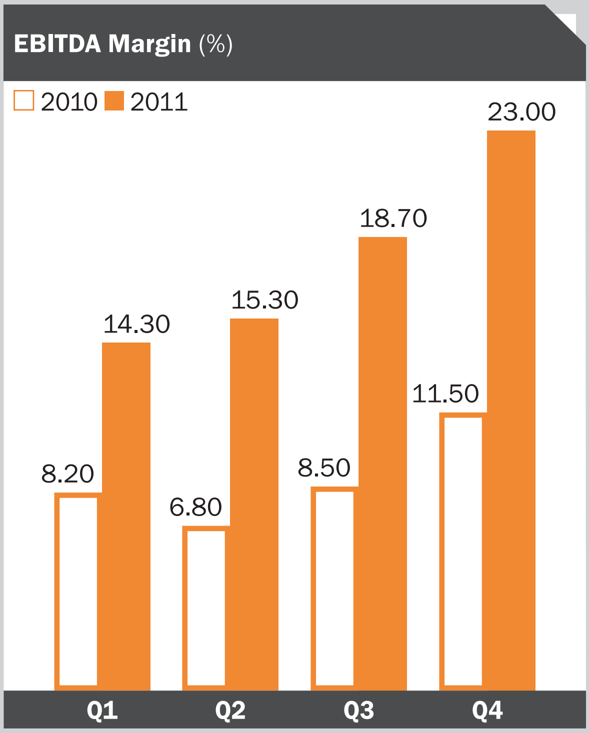
New clients added in 2011

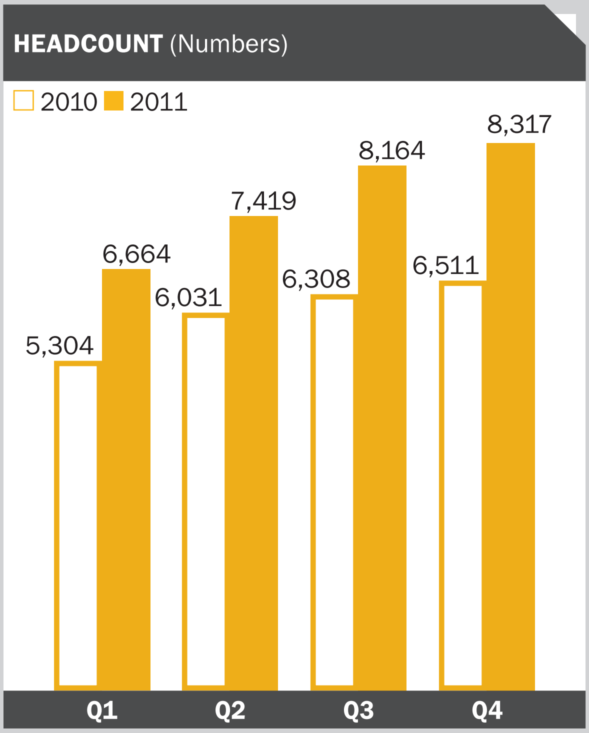


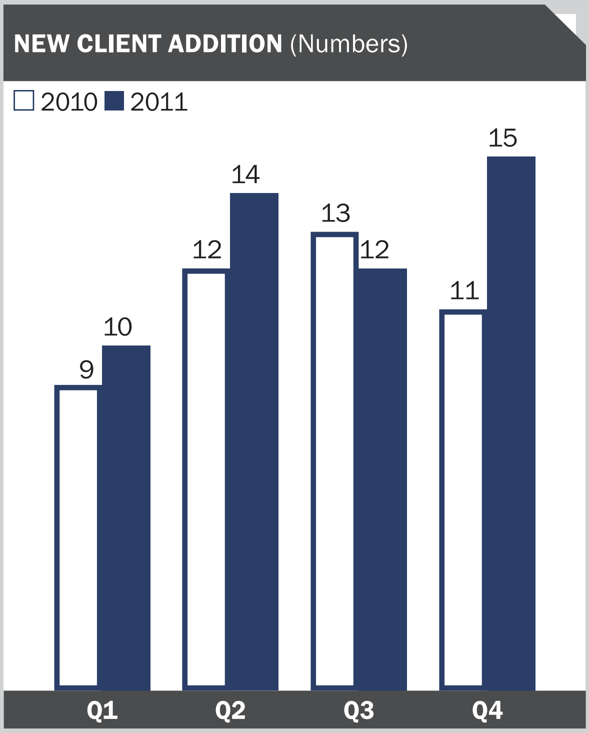


Holistic Progression









Quality as a Way of Life

We have always believed that superior quality is a fundamental aspect of value delivered. The emphasis of quality is evident in all our processes including most of the internal processes. Most of our business enabling functions have SLAs to meet even for internal clients. Everything we do highlights Hexaware's conviction in 'quality as a way of life'.

Major highlights, 2011

- Hexaware continued its quest to ensure benchmarking and certification according to international standards like ISO, Tick IT and SEI-CMMI
- Recommended for ISO 9001:2008 re-certification; for Mexico and India locations in May
- Hexaware's Bengaluru centre has been brought under ISO 9001:2008
- Successfully appraised at CMMI Level 5 (Version 1.2 for development) by KPMG
- One of the zones of Siruseri, Chennai Centre has been re-certified for PCI-DSS (Payment Card Industry–Data Security Standard) v2.0 Compliance
- Besides India and Mexico, US offices (Jamesburg-New Jersey and New York) were certified under ISO 27001:2005. These offices now comply with Information Security Processes and Controls to execute Projects from the US
- Successfully assessed with SAS70 Type-2 Assessment

All these and more, speak volumes of our passion and commitment not just towards enriching employee skills, but also towards our stated objective of optimising resources to help our clients accelerate their business growth.

Enriching Thought Leadership

During the difficult conditions in 2009, we re-energised our focus on Innovation and promoted an 'in-house thought leadership' that helps us sustain our growth. The objective here is to strengthen our competitive differentiation, reduce time to market for us and our end clients, develop alternative commercial models and build growth engines enabling win-win situations.

Early 2011, Hexaware launched 'Innovation Channel' to capture ideas from among its entire employee base – an excellent opportunity for all the employees globally to fructify their creativities and ideate. Innovation Channel provides an organisation-wide visibility of all ideas submitted with a transparency in selection and progression of ideas through various stages and also includes a rewards and recognition programme to promote a culture of innovation. We now have an enhanced focus on 'IP based' delivery to generate proprietary tools and ensure repeatable and standard processes which lower total cost of ownership. Be it our customer feedback or superior delivery and field intelligence, the process of ideation creates a chain of market and strategic analysis exercises to generate and refine a business case and service offering definition.

Our dedicated 'Innovation Infrastructure' –'Innovation Council' and 'Innovation Labs' framework, co-ordinates closely with focus practice groups to pilot and continuously test these incubated ideas. These new services/models, accelerators and methodologies so created are deployed at client end to strengthen customer base with frequent updates.

Our list of Intellectual Property rollouts is indeed very impressive– spanning across almost all our focus verticals and practices as also emerging areas of interest. Hexaware has multiple patent applications, both in Indian and in overseas jurisdictions pending approvals. Till 2011, we developed more than 150 tools, frameworks and structures that act as solution accelerators enabling greater productivity and efficiency.

Leading through Partnerships

With our extensive focus on specialisation and differentiation, we realise that we must work within an ecosystem to provide end-to-end solutions for our customers. To help us cater most effectively to our clients, partnerships remain a key lever for building relationships and attaining synergy. Through exchange of ideas and leveraging competencies, we have increased our market presence and delivered integrated best-in-breed solution offerings.

Oracle

Hexaware is associated with Oracle for the past 15 years, and is currently ranked a Platinum Partner in the Oracle Partner Network. To further enhance this relationship, Hexaware signed an agreement to co-develop PeopleSoft Test Framework (PTF) automation tests. Hexaware will help build Intellectual Property (IP) assets around Oracle products and collaborate in a series of development projects as part of an overall Oracle co-development initiative.

HP Software

Hexaware set up the first-of-its-kind HP Software Virtual Lab in Latin America, which further strengthens its Elite Partnership status with HP. Through the Company's in-house innovation labs, Hexaware has developed OneSource solutions and several unique Testing accelerators and Electronic Signature solutions that enable optimal use of HP Software throughout the complete application lifecycle management process,with significant cost savings to customers.

IBM

In recognition for Hexaware's continued commitment to excellence, leadership and proven expertise in creative problem-solving, solutions development, innovative services and IBM technologies, IBM has certified Hexaware as its Premium Business Partner.

QlikTech

Hexaware has partnered with QlikTech- the world's leading provider of Business Intelligence software to deliver powerful and easy-to-use solutions based on their software platform QlikView. Hexaware's global multi-environment implementation expertise, standardised execution methodologies, quality assurance processes combined with deep-domain expertise and analytic frameworks will help improve its BI solution realisation and delivery excellence, leading to reduced time-to-market for the customers.

iCreate

Hexaware has launched a strategic alliance with Banking Business Intelligence (BI) specialist, iCreate Software to build a Centre of Excellence (CoE) to enhance iCreate's flagship Banking BI product, Biz$core. This will leverage Hexaware's Banking micro-vertical and BI capabilities, its global reach and an impressive client roster to jointly address the market for prebuilt BI and Analytics solutions in the banking sector.

Launch of Cloud View

Hexaware has always believed in being at the cutting edge of the latest technological developments. As a testimony to the long held belief, the Company has been investing significantly in the area of Cloud and Cloud based Services. As a platform, Cloud does provide flexible and easy-to manage, secure, multi-tenant storage environment for meeting today's IT needs.

- RAINMAKER-Hexaware is among the early companies in India to set up its own cloud infrastructure. Rainmaker is the Company's Private Cloud to provide a cost effective development platform, enabling the Company to build a scalable and efficient shared IT Infrastructure for future growth.
- With RAINMAKER, Hexaware gets many of the benefits of public cloud computing: self-service, scalability and elasticity with the additional control and customisation available from dedicated resources.
- RAINMAKER currently provides two models for private cloud services for its internal users:
    - Infrastructure as a Service (IaaS), where Hexaware can use infrastructure resources (computers, network, and storage)
    - Platform as a Service (PaaS), which provides a complete application platform as a service.

* *Currently all services offered on RAINMAKER (IaaS/PaaS) are for internal users or New/Existing projects only.*

How do customers benefit?

Hexaware has brought together years of combined experience to create a multitenant environment in which separate applications or customers can share the same server, storage, and networking infrastructure with complete isolation, so that sensitive information is never destroyed or tampered with.

Hexaware uses NetApp, Cisco, and VMware partnered unique enterprise cloud architecture that includes all server, storage, and networking hardware and software to facilitate sharing, reuse and dynamic resource allocation. This technology offers unique synergies that greatly simplify the deployment and management of IT infrastructure and applications inside RAINMAKER with:

- Unmatched end-to-end security and isolation in virtualised environments
- Simple, unified architecture
- Lower cost
- Greater business agility
- Lesser risk

Cloud Computing Offerings	
Rainmaker	First Private Cloud deployed on VMware solution in India
Electronic Miscellaneous Document	Offered as SaaS or on Cloud
Republic	Business Process as a Service (BPaaS) – BPO with subscription based HRMS, Payroll and Benefits application – No upfront investment
Cloud ADM/ Migration	Expertise on Spring/Python ▸ Azure Appfabric ▸ Migration and Integration ▸ Expertise on Salesforce/Amazon/vCloud
Cloud Consulting	▸ Cloud Awareness Workshops ▸ Cloud Adoption Assessment ▸ Cloud Implementation
Campus on the Cloud	PeopleSoft Campus solution – Hosting, Implementation and Maintenance

Empowering Enterprise Mobility

Benefits of enterprise mobility span the entire B2E, B2B as well as B2C spectrum. Driving success in enterprise mobility depends on a business-wide strategy. Mobility in the current context is an integral component of a coherent enterprise architecture to enhance business efficiency. Enterprise mobility can materially improve an organisation's productivity, optimise logistical operations, manage customer relations and streamline supply chain management.

Hexaware enables new mobile applications to:

- Facilitate enterprises to change the way they do business with their employees, partners and consumers
- Spawn increased information availability and provide enterprises with the ability to seize potential opportunities and respond to threats, enabling better decision making

Hexaware Technologies has embraced the evolution of Enterprise Mobility and has strong capabilities in the following areas:

- Mobile Application Development
- Mobile Business Intelligence (MBI)
- Mobile Data Management
- Mobility Testing

Hexaware offers:

- **Native application development on iOS devices (iPhone/iPad), Android and Windows Phone 7**
- **Dedicated Mobility Labs hosting iOS, WP7 and Android development and testing environments**
- **Extended enterprise web applications with HTML5 and Javascript frameworks**

Mobile Application Development

Hexaware's dedicated Mobility Lab has consistently developed innovative applications for customers.

Mobile Testing Services

Hexaware helps organisations gain faster time-to-market through accelerated test implementation framework and ready to-use solutions. We help reduce client's test implementation costs through our Automation Accelerator solution for greater ROI.

Mobile Business Intelligence (MBI)

Hexaware helps organisations deliver BI insights in a secure and scalable manner on devices, such as smart phones and tablets.

Mobile Data Management

The new powerful smartphones, the abundance of large rich mobile data and the coming of age of the cloud computing paradigm is opening up new avenues for research and exploration, impacting extensive communities.

Seamless execution is the need of the day for most businesses. But building an appropriate infrastructure to facilitate scalable data management against rising security threats is of paramount importance. Hexaware can help organisations manage their ever-increasing mobile data management challenges.

Foundation for the Future

A tangible signature of our aspirations for growth is our investment in infrastructure. A bird's eye view of our facilities explains the obvious – our footprint now exists not only in India's prime cities, but also in choicest of locations within each city!


Chennai campus

Siruseri (Chennai) campus is being designed to accommodate upto 6,000 people and can be easily scaled up for 12,000+ Hexawarians in future. With our in-house Hexavarsity classrooms and learning centres, it also provides amenities for employee recreation and enrichment to enable our employees to recharge after solid and creative work!

Our Pune campus in Hinjewadi is spread across 25 acres-ready for construction and driving the growth over the medium term without having to resort to taking short-term measures or leasing premises with high rentals.

Further, we have 20 acres at an SEZ approved facility in Nagpur to help benefit from the talent pool in a Tier-2 city for driving our ITeS/BPO business.

With the initial investments made in the acquisition of the land, the Company's future is secure from having readily accessible infrastructure to grow. By virtue of making the investments at an earlier stage, the Company is not faced with the constraints seen in the market place today.

The Company has enough physical infrastructure to support its operations till it attains USD 2 bn of annual revenues; nearly 5-times its current size.

Human Capital

An inspiring working environment can enhance the innate human potential to grow and contribute significantly to oneself and to the organisational momentum. This is our corporate credo at Hexaware!

We have progressively expanded the number of fresh graduate engineers we hire in the organisation. For the year 2011, we added nearly 600 such freshers into the organisation – our way of balancing rich professional experience with fresh insights from academics for a well-balanced workforce.

Recruitments across the country and elsewhere look only for one element of commonality – the right attitude and the aptitude to perform and grow! The Company intends to add atleast 1,500 engineers during 2012 – the best of global talent for a sustained quality and thought leadership. With this as a backdrop, our hiring focused on prospective candidates meeting or rather exceeding, all qualitative and quantitative thresholds of aptitude assessment typical to IT industry.

The global headcount at the end of 2011 increased to 8,317; an addition of 1,806 employees from the previous year. Technical personnel (excluding BPO employees) comprised 91.7% of the total work force. Attrition for 2011 reduced further to sub 14% as we exit Q4 2011, lower than the industry standards. We raised our revenue guidance numbers multiple times over the year and exceeded our annual hiring target of 1,500 materially - another strong illustration of solid performance and a strong deal pipeline in the days to come.

Excellence in our HR processes and service delivery is illustrated by our improving employee coverage, agile pyramid, process automation, better policies and team structures. Thus it comes as no surprise when we score high on employee satisfaction, longevity and in turn, customer and industry accolades.

Diversity @ Hexaware

At Hexaware, we coined a term 'cohesive diversity' to recognise, encourage and appreciate multiplicity in our workforce. The employees align their individual profiles, skills, aspirations and interests to move forward collectively with our organisational objectives.

Hexaware's workforce is drawn from many nationalities, spanning over multiple countries globally. Our choice of office locations merely reflects a desire to harness talent irrespective of languages, social-economic-cultural background both in India and overseas. Our employees are drawn from all age groups.

Our holiday calendar, administrative support and facility layout reflect conscious steps to accommodate needs of people from different ethnicities and religious dispositions. Our training sessions are structured in multiple ways to cater to different sets of people: business-aligned programmes for management aspirants, technical certification courses for employees, induction and soft skills training for fresh graduates and cross-cultural sensitisation programmes for all employees.

Our innate ability to operate in a multi-cultural world is one of the reasons behind our rising employee loyalty–our attrition at a global level is sub–14% well below industry average in Q4 2011.

Hexavarsity

Our extensive investments in honing the skills had several Hexawarians attain industry certifications, complete multiple knowledge and soft skills programmes and even demonstrate their technical expertise by presenting in seminars.

In 2011, we brought 591 fresh engineers on board and several lateral recruits were getting inducted into the mainstream delivery operations after successful conclusion of their training programmes at Hexavarsity – our in-house Learning and Development University.

Hexavarsity recently launched a new state-of-the-art Learning Management System (LMS) 'HexaGuru' for its global workforce – both for experienced employees and new hires, to enable continuous learning and skill development. This platform is available 24x7 for all employees globally and vastly enhances our ability to enable remote learning.

An updated version of the existing Competency Development Framework (CDF) was rolled out this year to provide each employee a well-structured, continuous learning path with sustained industry edge. Additionally, Hexavarsity launched several new business aligned training programmes to equip our talented pool of professionals with business skills for active participation in driving sustainable and profitable growth.

For the year 2012, Hexaware expects to recruit in excess of 1,500 employees across its global locations. With strong executive commitment and investments in training, Hexavarsity is well equipped to help our employees lead the organisation into a sustainable growth model.

Hexaware going green

Passion and Compassion

At Hexaware, CSR is not just a management directive, but it is seen more as a vital part of our organisation to the extent of being embedded in our core values and ethics. Thus we achieve a perfect blend of passion and compassion in all our employees to drive our CSR initiatives globally.

We endeavour to make a positive contribution to society by supporting a wide range of environmental, educational and health initiatives.

H3O–Helping Hands from Hexaware is the name given to our CSR initiative, which inculcates the spirit of 'giving back to society'.

The H3O team identifies multiple social initiatives and implementation partners providing much needed flexibility to our employees to contribute to the society, with a sense of enjoyment, satisfaction and pride. We make concerted efforts to address social needs through the various outreach programmes driven by H3O like environment protection, energy conservation, women empowerment, child education and many more.

Initiatives in 2011

Standard Chartered Mumbai Marathon

Forty Hexawarians participated in the Dream Run to show their support to Helen Keller Institute of Deaf and Deaf-Blind and the UMANG Foundation for promoting educational initiatives.

Gift a School Kit - Sponsor a smile for the future!

Our CSR team last year in association with 'Seva Sahayog Foundation' undertook an initiative to distribute school kits (school bags and books) to underprivileged children in rural and tribal areas in and around Mumbai.

Exhibition-cum-Sale by Seva Sahayog Foundation

The CSR team in association with Seva Sahayog Foundation, a registered non-profit organisation, organised 'Seva Fair' at Hexaware. Products made by NGOs (decorative diyas, jute bags, greeting cards, jewellery, among others) were exhibited and made available for sale.

Exhibition-cum-Sale by CRY

The H3O team, in association with CRY, a registered non-profit organisation working for underprivileged children, organised the exhibition and sale of their products (gift articles, greeting cards, decorative and household items). We received a tremendous response from over 900 employees, who contributed enthusiastically.

Earth Day Celebrations

The CSR team celebrated the Earth Day (April 29, 2011) to create environmental awareness. Several activities like Enviro awareness booths, Enviro rallies and activities like 'Switch off lights and save energy' were organised on that day. As a part of the Go Green initiative, Caliber Point supported Earth Hour by turning off non-essential lights and other electrical appliances across all centres for one hour on March 26, 2011.

Awards and Recognition

Recognition comes as a logical consequence of fostering an environment of innovation, transparency and quality. In 2011, our people, practices and processes were recognised in ample measure for their pioneering work executed with honesty and dignified simplicity.

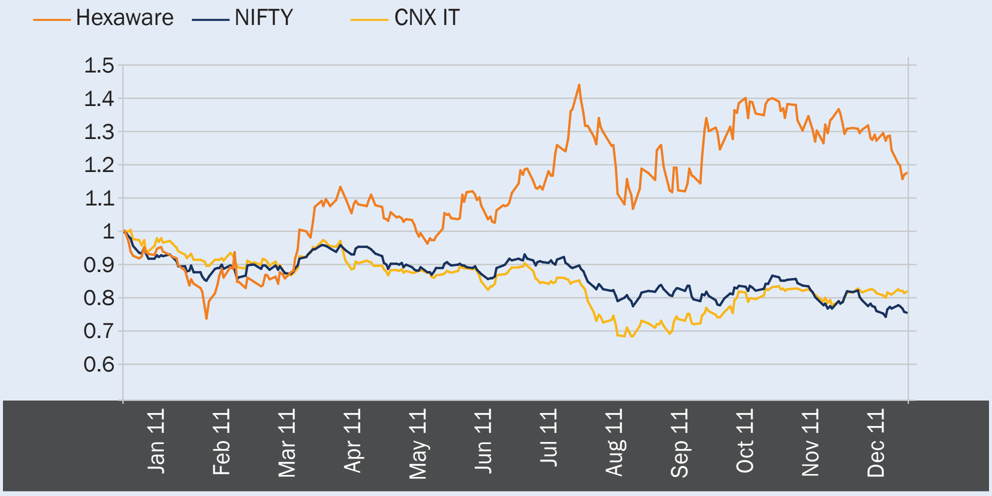
- Conferred with the prestigious Golden Peacock Award for Excellence in Corporate Governance; praised for applying robust structures, processes and procedures for corporate governance.
- Caliber Point Business Solutions Ltd.- a wholly owned subsidiary of Hexaware Technologies won an award for 'Operational Excellence and Quality' at The BPO Excellence Awards 2010-2011.
- Hexaware has been awarded the CIO 100 and Efficient Enterprise Award for its Private cloud 'Rainmaker®' by IDG India's CIO Magazine. The Award recognised Hexaware for its creative use of enterprise technologies to meet the organisations' business challenges.
- Awarded the Indy's Awards for Best Corporate Responsibility Practice.
- Ranked among the GLOBAL CIO 2011 winners; Hexaware is the only IT Company to receive this award.
- One of the awardees of the EMC Cloud Pioneer Awards Honorees 2011.

Senior Hexaware team receiving the Golden Peacock Award at London.

BPO Excellence Award

Hexaware in Financial Markets

Stock Movements Variance Chart



Notes: Hexaware stock prices normalised for bonus issue in March.

Index Performance

Index	NSE Nifty	CNX IT Nifty	Hexaware (NSE)
Opening	6,177	7,504	59
Closing	4,624	6,139	75
Minimum	4,531	5,011	46
Maximum	6,181	7,592	94

Note: Hexaware stock prices normalised for bonus issue in March.

During the year 2011, Hexaware had a healthy year on an all round base on all operational parameters. This included industry leading revenue growth, consistent profitability margin expansion and several large deal wins through the year.

The structural changes in the form of strengthened management, leaner organisational structure and focused client hunting/mining, yielded results. This renewed growth momentum coupled with healthy execution, as reflected in large deal wins and rising traction with key clients, should help the Company register above industry growth in future.

In recognition for the performance on all fundamental fronts, the stock markets depicted the same picture with Hexaware outperforming all the peers and the constituents of the sectoral index during 2011.

Hexaware in News

1. Mint, April 28, 2011
2. Business Standard (Hindi), December 7, 2011
3. The Economic Times, December 28, 2011
4. The Hindu Business Line, November 16, 2011
5. The Economic Times, November 16, 2011

Notice

NOTICE is hereby given that the Nineteenth Annual General Meeting of the Members of Hexaware Technologies Limited will be held on Friday, the 27th day of April, 2012 at 4.00 p.m. at M. C. Ghia Hall, 4th floor, Bhogilal Hargovinddas Building, 18/20, K. Dubhash Marg, Behind Prince of Wales Museum/Kala Ghoda, Mumbai – 400 001 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended December 31, 2011 and the Balance Sheet as on that date together with the Reports of the Board of Directors' and Auditors' thereon.
2. To declare Final Dividend on Equity Shares and to confirm the Interim Dividends.
3. To appoint a Director in place of Mr. L. S. Sarma, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Shailesh V. Haribhakti, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. S. K. Mitra, who retires by rotation, and being eligible, offers himself for re-appointment.
6. To re-appoint Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration and to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

   "RESOLVED THAT pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956, Messrs Deloitte Haskins & Sells, Chartered Accountants, Mumbai with Registration Number 117366W be and are hereby re-appointed as the Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting at a remuneration as may be mutually agreed to between the Board of Directors and Messrs Deloitte Haskins & Sells, plus applicable tax, out-of-pocket expenses, travelling and other expenses, in connection with the work of audit to be carried out by them."

SPECIAL BUSINESS:

7. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

   "RESOLVED THAT pursuant to the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) thereto or any re-enactment(s) thereof for the time being in force), Mr. Abhay Havaldar, who was appointed as an Additional Director by the Board w.e.f. October 20, 2011, in terms of provisions of Section 260 of the Companies Act, 1956 and Article No. 88 of the Articles of Association of the Company and whose term of office expires at the ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

By Order of the Board of Directors

Gunjan Methi
Company Secretary

Place : Mumbai
Date : February 2, 2012

Registered Office:
Building No. 152, Millennium Business Park, Sector III, 'A' Block, TTC Industrial Area, Mahape, Navi Mumbai – 400 710.

NOTES:

1. Explanatory Statement in respect of Item No. 7 pursuant to Section 173(2) of the Companies Act, 1956, is annexed hereto and forms part of the Notice.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE VALID AND EFFECTIVE MUST BE DELIVERED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
3. Members/Proxies should bring the enclosed Attendance Slip duly filled in for attending the Meeting.
4. All documents referred to in the Notice and Explanatory Statements are open for inspection at the Registered Office of the Company on all working days (Monday to Friday) from 10.00 a.m. to 1.00 p.m. up to the date of the Meeting except holidays.
5. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, April 2, 2012 to Saturday, April 7, 2012, both days inclusive, in terms of the provisions of Section 154 of the Companies Act, 1956 and the applicable Clauses of the Listing Agreement entered into with the Stock Exchanges.

   The Final Dividend as recommended by the Board of Directors at its meeting held on February 2, 2012 and to be approved at the Annual General Meeting to be held on April 27, 2012, shall be paid on May 2, 2012.

6. Those Members who have so far not encashed their dividend for the financial year ended December 31, 2004 onwards, may approach the Registrar and Share Transfer Agent, M/s. Sharepro Services (India) Private Limited, at the address mentioned elsewhere in the Notice for the payment without any further delay as the said unpaid dividend will be transferred to the Investor Education and Protection Fund of the Central Government pursuant to Section 205C of the Companies Act, 1956. Shareholders are requested to note that no claim shall lie against the said Fund or the Company in respect of any amounts which are unclaimed and unpaid for a period of 7 years and transferred to Investor Education and Protection Fund of the Central Government. A sum of ₹ 607,990/- has been transferred to the Investor Education and Protection Fund in the year 2011 towards unclaimed/unpaid dividend for the year 2003.

7. Members are entitled to nominate a person to whom his/her shares in the Company shall vest in the event of his/her demise by filling up Form No. 2B. The shareholders are requested to avail of this facility. The duly filled in and signed nomination Form No. 2B should be sent to the Registrar and Share Transfer Agent, M/s. Sharepro Services (India) Private Limited at the address mentioned elsewhere in the Notice.

8. Members holding shares in dematerialised form are requested to intimate all changes pertaining to their bank details, NECS/ ECS mandates, nominations, power of attorney, change of address/name, etc., to their Depository Participant only and not to the Company's Registrars and Transfer Agents. Changes intimated to the Depository Participant will then be automatically reflected in the Company's records which will help the Company and its Registrar and Transfer Agents to provide efficient and better service to the Members. Members holding shares in physical form are requested to advice such changes to the Company's Registrar and Transfer Agents, Sharepro Services (India) Pvt. Ltd.

9. Members are requested to:

   a) Intimate to the Company's Registrar and Share Transfer Agent/Depository Participant, changes, if any, in their respective addresses along with Pin Code number at an early date.

   b) Quote folio numbers/DP ID – Client ID in all their correspondence.

   c) Consolidate holdings into one folio in case of multiplicity of folios with names in identical order.

   d) Update Bank details with the Registrar and Share Transfer Agent/Depository Participant to avail receipt of dividend by ECS/NECS facility.

10. Non-Resident Shareholders are requested to inform the Company immediately about:

    a) The change in the Residential Status on return to India for permanent settlement;

    b) The particulars of NRE Bank Account maintained in India with complete name and address of the Bank, if not furnished earlier.

11. Corporate Members are requested to send a duly certified copy of the board resolution authorising their representative to attend and vote at the Annual General Meeting.

12. The Certificate from the Auditors of the Company certifying that the Employees Stock Option Scheme of the Company is being implemented in accordance with the Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 as amended, and in accordance with the resolution of the general meeting will be available for inspection to the Members at the Annual General Meeting.

13. Members seeking any information relating to the Accounts may write to the Chief Finance Officer of the Company at its registered office at Building No. 152, Millennium Business Park, Sector III, 'A' Block, TTC Industrial Area, Mahape, Navi Mumbai – 400 710 or send an e-mail at investorinfo@hexaware.com.

14. Members are requested to bring their copies of the Annual Report for the meeting.

15. As communicated earlier, members holding shares in physical form are requested to get them dematerialised, as the shares of the Company are under compulsory demat system.

16. Request you to please note that going forward the documents like Notice calling the Annual General Meeting, Corporate Governance Report, Directors' Report, Audited Financial Statements, Auditors' Report, etc. shall be circulated to the members in electronic form to the e-mail address provided by you and made available to us by the Depository/Registrar & Share Transfer Agents (RTA). **Request you to please register your e-mail ID with RTA/your Depository** to enable us to send the documents in electronic form or let us know in case you wish to receive the above documents in paper mode.

17. Re-appointment of Directors: At the ensuing Annual General Meeting, Mr. L. S. Sarma, Mr. Shailesh V. Haribhakti and Mr. S. K. Mitra retire by rotation and being eligible offer themselves for re-appointment. The information pertaining to these Directors to be provided in terms of Clause 49 of the Listing Agreement entered into with the Stock Exchanges are furnished in the Report on Corporate Governance published in this Annual Report.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956

ITEM NO. 7.

The Board of Directors of the Company appointed Mr. Abhay Havaldar as an Additional Director with effect from October 20, 2011 in accordance with the provisions of Section 260 of the Companies Act, 1956 and Article 88 of the Articles of Association of the Company. He holds office up to the date of forthcoming Annual General Meeting. Notice in terms of provisions of Section 257 of the Companies Act, 1956 along with the requisite deposit has been received from a Member proposing the candidature of Mr. Abhay Havaldar as a Director of the Company.

Mr. Abhay Havaldar is a Managing Director at General Atlantic, a global growth equity firm, which holds 14.40% in the Company, where he has worked since 2002. Abhay established General Atlantic's India office in 2002. He currently serves as a Director on the board of Jubilant Life Sciences Ltd., IBS Software Services (P) Ltd. and Infotech Enterprises Ltd.

Prior to this, Abhay started his career with TATAs and has held operating management responsibilities at TATA Infotech and HCL Infosystems.

Abhay has been an investor in Indian businesses since 1996 as a partner at Draper International and Connect Capital. He is a Charter Member of The Indus Entrepreneurs (TiE) and a Board member of Society for Innovation and Entrepreneurship (SINE). He is a trustee of United Way of Mumbai.

Abhay holds a Bachelor's degree in Electrical Engineering from the University of Bombay and Masters in Management degree from the Sloan Fellow Program at the London Business School.

Your Directors recommend the Resolution at Item No. 7 for your approval.

Except Mr. Abhay Havaldar, none of the Directors is concerned or interested in the resolution.

By Order of the Board of Directors

Gunjan Methi
Company Secretary

Place : Mumbai
Date : February 2, 2012

Registered Office:

Building No. 152, Millennium Business Park, Sector III, 'A' Block, TTC Industrial Area, Mahape, Navi Mumbai – 400 710.

Directors' Report

To the Members,

Your Directors are pleased to present their Nineteenth Annual Report, on the business and operations of Hexaware Technologies Limited (hereafter referred to as 'Hexaware') together with audited accounts for the financial year ended December 31, 2011.

Financial Performance

Global Operations: (US$ Million)

Year ended December 31	2011	2010	Y-o-Y Growth %
Income from Operations	308.11	231.16	33.3%
EBITDA	55.46	20.53	170.1%
Profit from Operations *	50.19	15.22	230%
Profit before Tax and exceptional item	65.09	20.68	215%
Profit before Tax	65.09	25.07	160%
Profit after Tax	56.45	23.04	145%

(₹ Million)

Year ended December 31	2011	2010	Y-o-Y Growth %
Income from Operations	14,505.12	10,545.64	37.6%
EBITDA	2,614.94	905.49	188.8%
Profit from Operations *	2,367.91	663.17	257%
Add: Exchange Rate Gain/ (Loss) (net)	248.26	(247.55)	
Less: Interest	21.49	26.04	-17.5%
Add: Other Income	482.10	554.56	-13.1%
Profit before Tax and exceptional items	3,076.78	944.14	226%
Add: Exceptional items	-	224.08	-
Profit before Tax	3,076.78	1,168.22	163%
Less: Provision for Taxation	406.51	92.33	340%
Profit after Tax	2,670.27	1,075.89	148%

* excludes Exceptional items, Exchange Rate Difference, Interest, Other Income and Provision for Taxation

India Operations: (₹ Million)

Year ended December 31	2011	2010	Y-o-Y Growth %
Income From Operations	6,785.80	4,236.51	60.2%
EBITDA	2,066.22	581.15	255.5%
Profit from Operations *	1,877.25	404.95	363.6%
Add: Exchange Rate Gain/ (Loss) (net)	233.31	(258.61)	
Less: Interest	14.40	14.41	-0.07%
Add: Other Income	449.37	519.07	-13.4%
Profit before Tax and exceptional items	2,545.53	651.00	291%
Add: Exceptional items	0	366.40	
Profit before Tax	2,545.53	1,017.40	150%
Less: Provision for Taxation	225.72	89.13	153%
Profit after Tax	2,319.81	928.27	150%
Add: Balance brought forward from previous year	2,471.69	2,251.97	
Balance available for appropriation	4,791.50	3,180.24	
Appropriation			
Transfer to General Reserve	300.00	200.00	
Interim Dividend	732.81	232.50	
Proposed Final Dividend	440.04	203.99	
Tax on Dividends	189.48	72.06	
Balance carried to Balance Sheet	3,129.17	2,471.69	

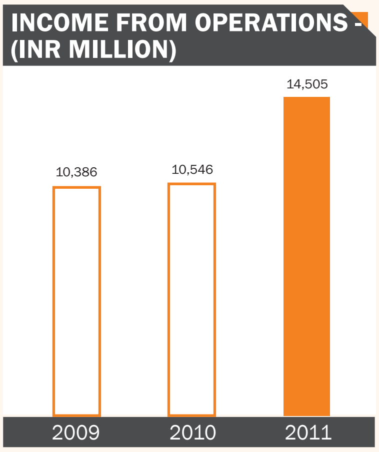
* excludes Exceptional items, Exchange Rate Difference, Interest, Other Income and Provision for Taxation

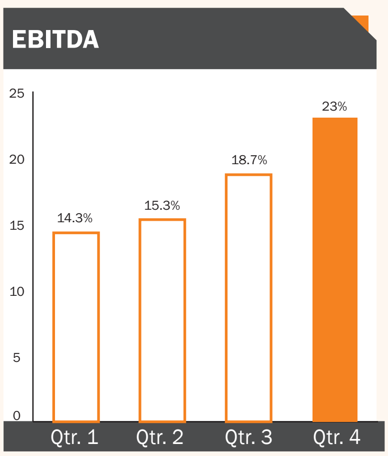
Results of Operations

a) Global operations:

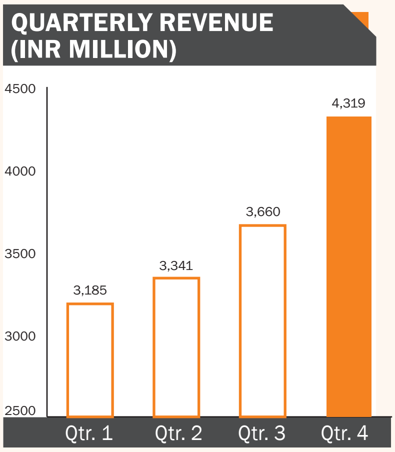
Income from operations increased to ₹ 14,505.12 million in 2011 from ₹ 10,545.64 million in 2010, growth of 37.6%. The growth in Dollar terms was 33.3%, reaching $ 308.1 Mn. Growth was driven largely by 35% volume increase, aided by increased realized bill rates as well as currency benefits, despite 4.2% shift in favour of offshore.

Profit from Operations (profit before Exceptional items, Exchange Rate Difference, Interest, Other Income and Provision for Taxation) was at ₹ 2,367.91 million in 2011 as against ₹ 663.17 million in 2010, growth of 257%. Profitability rose to 3.5 times, driven by significant SG&A leverage, higher realized bill rates, improved margin from higher offshoring, higher utilization as well as currency benefits. Profit after Tax stood at ₹ 2,670.27 million in 2011 as compared to a profit of ₹ 1,075.89 million in 2010, growth of 148%. PAT margins at 18.4% in Rupee terms.





2011



2011

Some of the major achievements of your Company in the year 2011 were:

- During the year 2011, 51 new clients were added. This took the total number of active clients to 192, up from 174 in December 2010.
- During 2011, your Company billed 52 clients USD 1 million dollar or more each. Of these, 40 clients were in the range of $ 1-$ 5 million, 7 clients were in the range of $ 5-$ 10 million, 2 clients were in the range of $ 10-$ 20 million and 3 clients billed more than $ 20 million each.

The year 2011 was marked with several significant achievements. Some of the key developments include:

In Q4, 2011, your Company signed a contract estimated at $ 250 million, with an existing client headquartered in United Kingdom for an additional 5 years starting January 1, 2012. The value of the contract, projected at a quarter of a billion, is the single largest agreement signed by your Company till date.

In Q3 2011, your Company secured a large contract worth potentially $ 177 million over a five-year term. Agreement signed with an existing US client; incremental business potential worth $ 100 million while extending existing business worth another $ 77 million over five years.

In Q2 2011, your Company clinched a $ 25 million deal over 3-year duration for providing Remote Infrastructure Management Services (Remote IMS) for an existing European client. Under the terms of this agreement, your Company will manage all aspects of Infrastructure Support for this client whose footprint covers the Americas, Europe and Asia Pacific regions.

In Q1 2011, your Company signed a deal worth between $ 10 million and $ 15 million per annum with an existing North American client in the BFSI vertical, to support the Client's Banking and Investment Management business by leveraging its technological capabilities in the Enterprise Solutions Space; and tapping its intellectual assets (tools, methodologies and solutions) in the Asset Management domain.

Your Company set up the first of its kind HP Software Virtual Lab in the Latin America region which strengthens your Company's Elite Partnership status with HP Software. Through the Company's in-house innovation labs, your Company has developed *OneSource* solutions and several unique Hexaware Testing Accelerators and the Electronic Signature solutions that enable optimal use of HP Software throughout the complete application lifecycle management process resulting in significant cost savings to customers.

b) India operations:

The revenue of the standalone legal entity increased by 60.17% to ₹ 6,785.80 million in 2011 from ₹ 4,236.51 million in the previous year. The net profit after tax was ₹ 2,319.81 million as compared to a profit of ₹ 928.27 million in 2010, an increase of 149.91%.

Reserves

Your Company has transferred ₹ 300 million to General Reserve higher than ₹ 200 million transferred in the previous year. With this addition, the total General Reserve as on December 31, 2011 is at ₹ 1,242.87 million.

Further, the balance in the P&L Account is ₹ 3,129.17 million.

Forex Mark-To-Market: Your Company has adopted AS-30 principles of recognition and measurement for ascertaining fair value of forward exchange contracts and derivative contracts and the year-end Hedging Reserve stood at a loss of ₹ 904.93 million, as compared to a profit of ₹ 249.79 million in the previous year. This was due to the large depreciation in the Rupee-Dollar exchange rate in the last 4 months of the year.

In summary, total reserves stood at ₹ 7,998.70 million, including ₹ 4,521.83 million of Securities Premium account.

Dividend

During the year 2011, your Company paid interim dividend on quarterly basis on equity shares, Q1 – ₹ 0.50 (25%), Q2 – ₹ 1 (50%), Q3 – ₹ 1 (50%).

The Board of Directors has recommended a payment of final dividend of ₹ 1.50 per share (75%) on an equity share of ₹ 2/- each, at its meeting held on February 2, 2012, due for approval at the AGM. Including this, the total dividend for the year inclusive of interim dividends would amount to ₹ 4 per share (200%) on equity shares.

The total cash outgo on account of interim dividend and final dividend & tax thereon amounts to ₹ 1,362.33 million. The break-up of dividend is as under:

(₹ Million)

	Q1	Q2	Q3	Final	Total
Dividend	146.38	293.07	293.36	440.04	1,172.85
Tax	22.96	47.54	47.59	71.39	189.48
TOTAL	**169.34**	**340.61**	**340.95**	**511.43**	**1,362.33**

The members are requested to confirm the interim dividends declared by the Company on the Equity shares and approve the final dividend.

Share capital

The paid-up Share Capital of your Company as on December 31, 2011 was ₹ 586.72 million comprising of 293,358,428 Equity Shares of ₹ 2/- each. During the year 2011, 145,545,781 shares were allotted under bonus issue in the ratio of 1:1 on March 2, 2011 as approved by you at the Extra-Ordinary General Meeting held on February 15, 2011 and 2,611,667 shares were allotted under ESOP under different schemes.

The market capitalization of your Company as on December 31, 2011 was at ₹ 22,031.22 million (US$ 414.86 million). The market capitalization is calculated on the basis of closing price of ₹ 75.10/- on the National Stock Exchange and the closing exchange rate of 1 USD = ₹ 53.105 as of December 31, 2011.

The market capitalization of your Company as on February 1, 2012 was at ₹ 25,830.21 million (US$ 524.36 million). The market capitalization is calculated on the basis of closing price of ₹ 88.05/- on the National Stock Exchange and the closing exchange rate of 1 USD = ₹ 49.26 as of February 1, 2012.

Investment

A) Subsidiaries and Branches:

No additional investments in subsidiaries/branches were made during the year 2011. However, the process of winding up of one of the subsidiary in Argentina has been started.

B) Infrastructure:

Your Company has grown several notches in revenues, client base, geographies as well as human resources over past few quarters. Last year alone, your Company added 1,806 professionals world-wide to an existing workforce of over 6,511 people – mainly across our multiple development centers operating offshore (ODCs). Going forward, in 2012, your Company also plans to induct about 1,500 employees across various onsite and offshore locations. Investments in best-in-class infrastructure is yet another employee engagement initiative your Company takes pride in, and indicative of its passion to motivate a dynamic team to provide quality support for its global sales and delivery operations.

In 2011, your Company initiated the scaling up of its Mumbai delivery operations by enhancing its seating capacity to accommodate an additional 300 employees. Likewise, your Company is expanding its presence in Pune to accommodate 700 people. All the upgradation of existing infrastructure is done with the singular purpose of providing quality ambience and work environment to yet another section of our stakeholders – the employees.

Specific updates from our different facilities are provided below:

India based Global Delivery Centers

Mumbai:

Your Company has two Offshore Development Centers (ODCs) at Millennium Business Park in Mahape, Navi Mumbai that currently accommodate a headcount of over 1,400 employees, one being the registered office of the Company. Your Company is in process of developing another ODC with a planned seating capacity of 300 personnel. Your Company's wholly owned subsidiary Caliber Point Business Solutions Limited also operates out of another building in the same complex, seating over 800 employees to provide BPO services to its global clients.

Chennai:

Your Company's 27 acre campus in Chennai currently accommodates employee strength of over 3,000 – an increase of over 1,000 employees since December 2010. Your Company is building capacity for another 1,700 employees over the first half of 2012. This is in line with the current expansion road-map, and expected to ramp up with new inductions in future.

This campus now houses all employee-friendly amenities like recreation centre, library and gymnasium facilities – offering plenty of avenues for relaxation and rejuvenation as well as knowledge enhancement through Hexavarsity – your Company's in-house Learning and Development University.

Your Company's Chennai "green campus" conforms to eco-friendly norms and regulations, like optimal use of solar energy, use of eco-friendly building materials and a judicious spread of landscaped spaces around seating facilities across various levels.

The wholly owned BPO subsidiary, Caliber Point Business Solutions Limited also operates out of another facility in Chennai and accommodates over 400 employees.

Pune:

In Pune, your Company is based out of its facility at E-Space, that is spread over 37,892 sq. feet and currently accommodates around 350 professionals. Additionally, your Company has acquired 97,010 sq. meters of land at the Rajiv Gandhi InfoTech Park in Hinjewadi SEZ which will be developed later on. Meanwhile, in 2012, your Company is taking a new facility on rent in Hinjewadi SEZ that can accommodate a headcount of 700 – in line with 2012 expansion initiatives.

Nagpur:

Your Company and Caliber Point together have acquired 20 acres of land in Nagpur, a tier II city, at an SEZ location. At present, a facility with 1,000-seat capacity has been constructed and is currently operational with over 350 employees conducting BPO operations through Caliber Point.

Bengaluru:

Your Company marked the first anniversary of its operations in Bengaluru in 2011. This facility now seats in excess of 250 employees and marks your Company's presence in India's IT capital – thus widening its landscape by being able to cater to many global organizations with their presence in Bengaluru region. This facility mainly houses our delivery operations for a major global client and is now being staffed with senior managerial roles in line with our increasing focus in solving their business-critical challenges.

Coimbatore:

Your Company has started a new center with around 190 BPO employees through Caliber Point.

Overseas Global Delivery Centers

New Jersey (USA):

Your Company has an established Global Delivery Center (GDC) at Secaucus, New Jersey (USA) for a few years now to cater specifically to its American clients. While this proximity center offers benefits such as the same time zone, direct communication and enables convenient management oversight, it also further enables the clients to outsource mission-critical tasks and share secure information that would have otherwise not been shipped beyond the shores.

Saltillo (Mexico):

Your Company has a strong presence in Mexico with a near-shore Delivery Center at Saltillo which also includes Hexaware's wholly owned subsidiary – Focus Frame. While Mexico offers cost competitiveness compared to the United States of America, the country also provides immense benefits in the form of same time zone, enables immediate response and access to a vast talent pool and an untapped emerging market. Your Company intends to leverage its near shore Delivery Center to cater to several global clients as an addition to the other existing options of continuing operations in the USA or in Hexaware's locations in India.

Global Cash Position

The cash generated from operations in 2011 was ₹ 1,413.39 million. Receipts from Treasury operations (interest and MF dividend) were ₹ 454.46 million. Company has invested ₹ 632.99 million in fixed assets. During the year, your Company paid dividend of ₹ 1,242.59 million and repaid the loan taken by Caliber Point (Nagpur) plus interest on the same, amounting to ₹ 126.66 million. As of December 31, the cash position of the Company was ₹ 4,377.19 million, equivalent in US$ 82.43 million. Including the Mutual Fund investments (cash equivalent), the total cash & cash equivalents was at ₹ 4,605.96 million equivalent to US$ 86.73 million.

Human Resource Capital

Your Company recognizes that "Human Capital" is its principal asset. Your Company has further strengthened the Executive Management team to bring leadership skills which are directly relevant to our growth at this stage.

- Your Company's head count was 8,317 as on December 31, 2011.
- To attract and retain people, your Company provides a judicious combination of attractive career, personal growth and a lucrative performance-based compensation structure.
- Your Company has focused towards providing better employee experience by automating processes in on-boarding, payroll, attendance and leave management.

Salient Features and Compelling Value Proposition

Your Company commits steadfast adherence to corporate ethics, quality, standard processes and practices to fulfill its obligations towards its clients and partners, vendors, shareholders and finally its own employees. Your Company strives to implement strong and solid steps to drive growth across several dimensions – business growth from clients' perspective, corporate growth where shareholders are paramount, and better quality and delivery processes where employee engagement and motivation is critical.

Our salient features and value proposition consist of:

1. Quality Processes and Methodologies

Your Company has institutionalized and implemented a company-wide project management tool and has developed several transition/ change management tool kits and methodologies. These well-defined tools and processes enable minimal errors and ensure timely and consistent delivery of superior quality technology solutions for high customer satisfaction.

Certifications:

Your Company has received numerous certifications till date, including ISO 9001:2000, SEI – CMM Level 5, Tick IT, BS7799 and ISO 27001. Your Company is also a recipient of SAS 70 – Type II certification at an organization level. The wholly owned BPO subsidiary – Caliber Point, was awarded SAS 70 – Type II certification during 2010.

In 2011, your Company was recommended for ISO 9001:2008 re-certifications for its Mexico and India offices. The US offices (Jamesburg-New Jersey and New York) are now certified for ISO 27001:2005. These offices now comply with Information Security Processes and Controls to execute Projects from US. Your Company's Bengaluru center has been brought under ISO 9001:2008 and was successfully appraised at CMMI Level 5 (Version 1.2 for development) by KPMG. One of the zones in Siruseri, Chennai has been re-certified for PCI-DSS (Payment Card Industry – Data Security Standard) V2.0 Compliance. Your Company has now been successfully assessed with SAS70 Type-2 Assessment at an enterprise level in 2011.

2. Focus Areas

Your Company has proven leadership and skilled expertise in niche technology segments like Enterprise Solutions – specifically PeopleSoft; Quality Assurance and Testing Services (QATS) – Automated Testing and rapidly scaling up its expertise and operations in Business Intelligence and Analytics (BA/ BI). The dedicated approach to strengthening sales and delivery operations in these focus areas has begun to yield results – with several large deals signed in last few quarters for repeat and incremental business. A new area of focus lately has been the Remote Infrastructure Management (RIM) services, with attention on innovative concepts like Cloud-Based Infrastructure to reduce clients' IT spending.

On the domain side, your Company is a leading IT solutions provider with core competencies in Asset Management, Capital Markets and multiple referenceable customers in the Airlines Industry, as well as HR-IT and HRO (Human Resource Operations) in the BPO space.

3. Agile & Nimble

Approximately 94% of your Company's revenues are linked to repeat engagements with existing clients. Hexaware's Top 10 customers consistently generated over 51% of its revenues on a trailing twelve months basis since past few quarters, and your Company started several fresh and high-volume engagements in 2011 – an illustration of strategic relationships with customers and execution excellence to deliver large and complex engagements over an extended period. Being just the right size for scope, scale as well as managerial attention to the projects, companies like yours are preferred IT partners for several big global players – unique differentiator vis-à-vis competitors.

4. Multi-cultural dimension

Your Company now operates from 7 delivery centers spread over India, United States and Mexico. Your Company has 5 offshore development centers across different regions in India, a proximity center in Secaucus (USA) and a near shore center in Saltillo (Mexico). Your Company now has presence in 20 countries with employees stationed in many more countries globally, from diverse nationalities, languages and ethnicities. With a rich client roster of 192 marquee names – several of them FORTUNE 500 companies, who use our solutions sometimes across multiple continents, Hexaware possesses a unique understanding and access to not only the business practices but also the cultural and work-ethics in different regions globally.

5. **Company focused on Corporate Governance**

Your Company has two "Big 4" firms as auditors - Deloitte Haskins & Sells as its Statutory Auditors and KPMG as its internal auditors. Your Company's Board of Directors comprises of eminent professionals in their respective fields with rich experience in policy-making and strategy formulation. All the major committees of the Board are headed by Independent Directors and we have followed Cadbury Committee's recommendation of having two different individuals as Chairman & CEO for several years.

Your Company won the prestigious Golden Peacock Award for the year 2011 for excellence in Corporate Governance.

Your Company has been rated amongst the Top 25 for Excellence in Corporate Governance by Institute of Company Secretaries of India for several years now.

Other initiatives

- High Risk Project Management: Your Company continues to manage an initiative to monitor critical projects based on criticality index derived from few identified parameters. A separate Steering Committee of senior executives in the Company has been formed who hold regular meetings and continuously watch over the progress of such projects.
- Your Company has a clear focus on bringing up the security awareness level within the Organization with various initiatives like launch of the Information Security Portal, Annual Training Calendar, workshops and continuous trainings.

Risk Management

Your Company has put in place an Enterprise-wide Risk Management (ERM) programme. The Enterprise Risk Management (ERM) at Hexaware encompasses practices relating to identification, assessment, monitoring and mitigation of various risks to business. ERM seeks to facilitate mitigation of risks that may affect the achievement of the business objectives and impact shareholders value. Risk Management is an integral part of your Company's business model. The business practices at Hexaware are oriented to leverage the risk management to generate maximum reward while keeping risks below a defined level. Annual risks survey is conducted across the Company to get a perspective on key risks. The recently appointed Risk Officer is taking various steps to increase risk awareness and effectively engage the organization in managing the risks under the guidance of Risk Management Committee (RMC).

The risk categories covered under the ERM programme includes strategic, operational and financial as well as compliance related risks across various levels of the organization. This includes risk assessment and mitigation at the Company level, business/ functional unit level and project level.

The risk management system focuses on identification and tracking of all material risks. The Risk Management office is in the process of strengthening Risk Management framework whereby the senior management of each unit will analyze risks affecting their units and take inputs of RMC into consideration for taking appropriate actions. The internal control system is designed to prevent operational risks through a framework of internal controls and processes. The internal control system procedures ensure that all business transactions are recorded in a timely manner and the financial records are complete. A mix of automated and manual controls is used to ensure proper preparation and reliability of accounting records.

Major risk identified includes currency fluctuations; A Foreign Exchange Risk Management Policy is in place to mitigate the key operational risks and risks of adverse exchange rates. Further the Forex Committee of the Board oversees activities related to Foreign Exchange matters. The Banking, Investments & Operations Committee of the Board has also pro-actively reviews the Investment Policy of your Company, which has led to a timely change in investments, ensuring safety, liquidity and returns on the surplus funds.

Internal Audit & Controls

Your Company continues to engage KPMG as its internal auditor. During the year, your Company continued to implement their suggestions and recommendations to improve the control environment. Their scope of work includes safeguarding the assets of your Company, review of operational efficiency, effectiveness of systems and processes and assessing the internal control strengths in all areas.

Internal Auditors findings are discussed with the process owners and suitable corrective actions taken as per the directions of Audit Committee on an ongoing basis to improve efficiency in operations.

Talent Management – Asset Development

Your Company places great importance on nurturing and retaining the best skills in the industry. Moreover, it is careful in aligning the needs of your Company with aspirations of the employees.

Your Company has the distinction of being amongst India's best IT employer for five consecutive years, also ranking among the top 20 in Dataquest-IDC Annual Best Employer Survey from 2005 to 2010. At the end of the year, your Company's employee strength stood at 8,317. Your Company has, over the years, made consistent efforts to retain and nurture talent by providing quality work, development and a work culture of meritocracy, learning and initiative. Your Company also provides world class infrastructure and facilities to employees and offers wealth creation programs like ESOPs.

HexaVarsity

Learning and Development

Hexaware is now a 8,317 member team of high achievers with a proven record of superior development and delivery through established quality and process standards across various development centers worldwide. As your Company increases its footprint globally, it inducts many new hires each year and sets on the task of mainstreaming them into diverse project and delivery teams for sustained future growth. Likewise, skilled lateral resources come in with an innate desire and need to know the Hexaware culture of quality, focus and more. The eternal challenge for a growing organization remains continued conformance and consistency with established institutional practices, skills and methodologies. All this and more, is addressed by Hexaware's in-house Training, Learning and Development Center – Hexavarsity, the school within an office environment for a well-tailored approach to enhance skillsets of all types, roles and grades of employees.

In 2011, Hexavarsity trained 565 campus recruits through the Foundation Training Program (FTP) which apart from a hands-on approach to get first-hand experiences of their future technical roles, also included soft skills training and skills development programs for their overall development. For professionals with work experience, Hexavarsity offers customized soft skills enhancement and Behavioral Training programs. Your Company has now implemented an updated version of Technical Competency Development Program (TCDP) introduced last year, which requires all technical employees to follow a Technology Quotient (TQ) framework based on their roles, levels of expertise and streams of specialization. The progress made on the TQ framework is tracked at every employee level and is an integral component of the annual Performance Management System. Hexavarsity is also well equipped to provide support for conducting any relevant training programs as required by the specific Execution Units (Delivery Units). To equip its top talent with business skills for sustained and profitable growth, your Company launched several new Business aligned training programs this starting year.

Geographies have hardly been a deterrent in quest for knowledge – Hexavarsity supports online learning to cater to overseas employees and professionals deployed at client locations. This Learning Management System – HexaGuru, provides the employees with the flexibility and provision to undergo the e-Learning courses at timings of their convenience. This platform is available 24x7 for all employees globally and vastly increases our ability to enable remote learning. This, in conjunction with the updated version of our Competency Development Framework rolled out this year, provides the workforce with a well-structured continuous learning path and sustained edge in the industry.

This investment has started paying off – with more than 937 Hexawarians getting successfully certified across various technologies. Your Company contributed in no small way towards many global events through abstracts and representations. For the year 2012, Hexaware expects to recruit in excess of 1,500 hires. With the strong executive commitment and investments to training, Hexavarsity is well equipped to help the employees lead the organization into a sustainable growth model.

Corporate Governance and Management Discussion and Analysis

Your Company endeavors to maximize the wealth of the shareholders by managing the affairs of the Company with a pre-eminent level of accountability, transparency and integrity.

A report on Corporate Governance including the relevant Auditors' Certificate regarding compliance with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with stock exchanges is annexed.

Management Discussion and Analysis is also annexed.

Directors' Responsibility Statement

As required under Section 217(2AA) of the Companies Act, 1956, your Directors hereby state and confirm that:

(i) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures;

(ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

(iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) The Directors have prepared the annual accounts on a going concern basis.

Employee Stock Option Plans (ESOP)

Pursuant to the approval of the shareholders, your Company has instituted the Employee Stock Option Plan, 2002, Employee Stock Option Plan, 2007 and Employee Stock Option Scheme, 2008 for all eligible employees, directors (excluding promoter directors) of the Company and employees of its subsidiaries. All the plans are administered by the Remuneration & Compensation Committee of the Board.

During the year 2011, following were the movements under ESOPs:

i) 2,611,667 options were exercised and your Company allotted 2,611,667 equity shares of ₹ 2/- each to Directors and employees on exercise of Stock Options. These shares have been listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

ii) 2,095,500 options were granted under different schemes as follows:

Pre Bonus issue

665,000 options were granted under ESOP 2007 scheme on January 10, 2011 at a price of ₹ 118.50

80,000 options were granted under ESOP 2007 scheme on January 12, 2011 at a price of ₹ 118.15

109,000 options were granted under ESOP 2007 scheme on February 15, 2011 at a price of ₹ 103.95

Post Bonus, these numbers have been doubled and grant prices halved.

Post Bonus issue

60,000 options were granted under ESOP 2007 scheme on April 27, 2011 at a price of ₹ 69.95

120,000 options were granted under ESOP 2007 scheme on April 28, 2011 at a price of ₹ 71.10

1,061,500 options were granted under ESOP 2007 scheme on July 26, 2011 at a price of ₹ 79.85

The details of options exercised/ granted during the year are as follows:

On January 10, 2011, 89,500 options were exercised by employees under ESOP 2002 and 2007 Schemes and your Company allotted 89,500 equity shares of ₹ 2/- each to the employees on exercise of these Stock Options. These shares have been listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited. On the same day, 665,000 options were granted under Employee Stock Option Scheme 2007 at a price of ₹ 118.50.

On January 12, 2011, 202,551 options were exercised by employees under ESOP 2007 Schemes and your Company allotted 202,551 equity shares of ₹ 2/- each to the employees on exercise of these Stock Options. These shares have been listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited. On the same day, 80,000 options were granted under Employee Stock Option Scheme 2007 at a price of ₹ 118.15.

On February 15, 2011, 52,750 options were exercised by employees under ESOP 2002 and 2007 Schemes and your Company allotted 52,750 equity shares of ₹ 2/- each to the employees on exercise of these Stock Options. These shares have been listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited. On the same day, 109,000 options were granted under Employee Stock Option Scheme 2007 at a price of ₹ 103.95.

Post Bonus, all the above options/shares have been doubled and grant prices halved.

On April 27, 2011, 1,523,172 options were exercised by employees under ESOP 2002, 2007 and 2008 Schemes and your Company allotted 1,523,172 equity shares of ₹ 2/- each to the employees on exercise of these Stock Options. These shares have been listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited. On the same day, 60,000 options were granted under Employee Stock Option Scheme 2007 at a price of ₹ 69.95.

On April 28, 2011, the Board of Directors granted 120,000 options under Employee Stock Option Scheme 2007 at a price of ₹ 71.10 to six independent directors of the Company.

On July 26, 2011, 456,894 options were exercised by employees under ESOP 2002, 2007 and 2008 Schemes and your Company allotted 456,894 equity shares of ₹ 2/- each to the employees on exercise of these Stock Options. These shares have been listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited. On the same day, 1,061,500 options were granted under Employee Stock Option Scheme 2007 at a price of ₹ 79.85.

On October 20, 2011, 286,800 options were exercised by employees under ESOP 2002, 2007 and 2008 Schemes and your Company allotted 286,800 equity shares of ₹ 2/- each to the employees on exercise of these Stock Options. These shares have been listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

The details of the Options granted under the 2007 and 2008 plans are given in the annexure attached herewith which forms a part of this report.

Fixed deposits

During the year under review, your Company did not accept or invite any deposits from the public.

Insurance

Your Company has sufficiently insured itself under various insurance policies to mitigate risks arising from third party or customer claims, property/ casualty, etc.

Errors & Omissions/ General Liability:

In a global services business, customers insist on taking suitable Insurance covers including Errors & Omission (Professional Indemnity) and Commercial General Liability. Your Company has taken appropriate insurance covers with reputed insurers & re-insurers to protect the Company from any third party liability claims that may arise at any point of time.

Directors' & Officers' Liabilities (D&O)/ Employment Practices Liability Insurance (EPLI)/ Crime:

D&O policy covers the Directors & Officers of the Company against the risk of third party actions arising out of their actions/ decisions, which may have resulted in financial loss to any third party. The Company has appropriately insured itself to mitigate such risks coming from any third party.

EPLI Insurance protects your Company from claims from employees or third parties on account of any actual or alleged Employment Practice Violation.

Crime insurance protects your Company from loss of money, securities or other financial loss arising from any fraudulent or criminal activity of employees or third parties.

Property/ Casualty:

Your Company has insured its various properties & facilities against the risk of fire, theft etc. so that financials are not impacted in the unfortunate event of such events.

The employees of your Company are covered under various employee benefit Insurance against Hospitalisation, Accidental Disability and Death.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

The information relating to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo required under Section 217(1)(e) of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed and forms part of this Report.

Subsidiaries

Pursuant to the provision of Section 212(8) of the Act, the Ministry of Corporate Affairs vide its circular No. 2/2011 dated February 8, 2011 has granted general exemption from attaching the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies with the Balance Sheet of the Company. The Board of Directors of your Company have by a resolution given consent for not attaching the Balance Sheet of the subsidiaries concerned. A statement containing brief financial details of the Company's subsidiaries for the financial year ended December 31, 2011 is included in the Annual Report. The annual accounts of these subsidiaries and the related detailed information will be made available to any member of the Company seeking such information at any point of time and are also available for inspection by any member of the Company at the registered office of the Company. The Company shall furnish a copy of annual accounts of subsidiaries to any member on demand.

The winding up of the subsidiary in Argentina is in process.

Directors

In accordance with the Articles of Association of the Company, Mr. L. S. Sarma, Mr. Shailesh V. Haribhakti and Mr. S. K. Mitra, Directors of the Company, retire by rotation at this Annual General Meeting and, being eligible; offer themselves for re-appointment at the ensuing Annual General Meeting.

The information to shareholders as per Clause 49 of the Listing Agreement pertaining to brief resume, expertise in functional areas, names of companies in which Mr. L. S. Sarma, Mr. Shailesh V. Haribhakti and Mr. S. K. Mitra are Directors etc. is being provided separately in the Annexure on Page No. 66 of the Corporate Governance Report of this Annual Report. Members are requested to refer to the said section of the Corporate Governance Report.

Auditors

In terms of provisions of Section 224 of the Companies Act, 1956, M/s. Deloitte Haskins & Sells retire at this Annual General Meeting and being eligible, offer themselves for re-appointment. Pursuant to the recommendation of the Audit Committee at their meeting held on February 1, 2012 recommending re-appointment of M/s. Deloitte Haskins & Sells as Statutory Auditors of the Company, for the financial year 2012, the Board of Directors have, subject to the approval of the shareholders, at their meeting held on February 2, 2012 approved the re-appointment of M/s. Deloitte Haskins & Sells as the Statutory Auditors of the Company for the financial year 2012 and to hold office till the conclusion of the next Annual General Meeting. In terms of provisions of Section 224(1B) of the Companies Act, 1956 M/s. Deloitte Haskins & Sells have furnished a certificate that their appointment, if made, will be within the limits prescribed under the said section of the Act.

Particulars of employees

As required by Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, the particulars of employees forms part of this report. However, as permitted by Section 219(1)(b)(iv) of the Companies Act, 1956, the report and accounts are being sent excluding the statement containing the particulars to be provided under Section 217(2A) of the Act. Any member interested in obtaining such particulars may inspect the same at the Registered Office of the Company or write to the Company Secretary for a copy thereof.

Acknowledgment

Your Directors place on record their sincere appreciation of the customers, Government of India and of other countries, Registrar and Share Transfer Agents, vendors, bankers and Technology Partners for the support extended. Your Directors are also deeply touched by the efforts, sincerity and loyalty displayed by the employees without whom the growth of the Company is unattainable. Your Directors wish to thank the investors and shareholders for placing immense faith in them. Your Directors seek, and look forward to the same support during the future years of growth.

For and on behalf of the Board of Directors

Atul K. Nishar
Chairman

Place : Mumbai
Date : February 2, 2012

Annexure to the Directors' Report

INFORMATION RELATING TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT AND FOREIGN EXCHANGE EARNINGS AND OUTGO FORMING PART OF DIRECTORS' REPORT IN TERMS OF SECTION 217(1)(e) OF THE COMPANIES ACT, 1956, AND RULES MADE THEREUNDER.

CONSERVATION OF ENERGY:

Hexaware is entirely a services company and thus essentially, a non-energy intensive organization. Additionally, your Company's facilities are set up at locations chosen for adequate availability and supply of energy, regardless of power shortages recently witnessed across many markets.

Hexaware acknowledges that power conservation is a necessity not only for future availability, but also environmental safety. Thus, your Company has in place adequate safeguards against excessive consumption and wastage of energy, in form of energy-friendly apparatus as well as minimal usage policies. All the computer terminals, air-conditioning systems, lighting and utilities are modern technology enabled so that optimum use of energy and power can be made. The state-of-the-art campus at Siruseri has been categorized as a "Green Campus" because of its eco-friendly design.

Your Company undertakes "Earth Day", "Save Energy" and similar green campaigns throughout its locations to reiterate renewed commitment to fulfilling environmental obligations.

TECHNOLOGY ABSORPTION:

In an endeavor to stay abreast of most recent advancements across the technology spectrum, your Company has entered into partnerships, alliances and tie-ups with major global players in the I.T. Industry. This helps the Company to harness the latest and the best of technologies in its field, upgrade itself in line with the latest technologies in the world and absorb technology wherever feasible, relevant and appropriate.

At the same time, Hexaware has also attached tremendous significance to indigenous development and upgrade of technology through its own extensive research and development. The benefits derived from these processes are phenomenal and have improved the quality of its world class services. It has also helped in diversifying the services portfolio while increasing cost efficiency.

Your Company has a significant percentage of its lateral talent drawn from major global players with a good understanding of their internal technology and consulting processes, engineering practices and knowledge centers. Hexaware attained 937 employee certifications and made representations in multiple industry seminars and conferences – useful in absorbing contemporary trends in technology and business processes from the industry.

RESEARCH & DEVELOPMENT:

Your Company has a state-of-the-art Research and Development wing carrying on Research and Development activities to create Intellectual Property for your Company. This is in line with the Company's established philosophy of maintaining and sustaining leadership status, and the belief that R&D will be a crucial differentiator between companies, in the not-so-distant future.

Your Company perpetuates in-house thought leadership through establishment of structured organizational frameworks like the Innovation Council. This is supported by senior management, and performs a mentoring role to screen and select promising concepts from among various project teams, and see them through implementation. This is an iterative process, conclusion of which results in a list of innovative tools, accelerators and methodologies that add value to current and future clients.

Your Company has several Centers of Excellence (CoEs) and Advanced Solution Groups (ASGs) attached to individual practices and verticals – for fostering innovation channeled to a particular area of interest. Under ample guidance from the Practice Head, your Company has dedicated long-time resources, as well as employees by rotation on short stints working here to exchange ideas and produce the desired results. These CoEs are not perceived as mere cost-centers with ambiguous commercial value, but rather as supplementary revenue generating units, especially with license sales seen over the last year.

Some tools, accelerators and other IP produced by the innovative minds this year would include AKIVA & DataMorphy in ERP, BIMA in Business Intelligence and Approval 360 for Mobile Applications.

FOREIGN EXCHANGE EARNINGS AND OUTGO:

The details of Foreign Exchange Earnings and Outgo are mentioned in Point No. 16 Para ii), iii), iv) and v) of Schedule 12(B) of Notes forming part of the Hexaware Technologies Ltd. India Accounts.

For and on behalf of the Board of Directors

Atul K. Nishar
Chairman

Place : Mumbai
Date : February 2, 2012

ESOP Disclosures

Sr. No.	Description	ESOP - 1999		ESOP - 2002		ESOP - 2007		ESOP - 2008	
1	Method used for accounting of the employee share-based payment plans	Intrinsic value method		Intrinsic value method		Intrinsic value method		Intrinsic value method	
2	If Intrinsic value method is used, impact for the accounting period had the fair value method been used on the following -	Consolidated	Standalone	Consolidated	Standalone	Consolidated	Standalone	Consolidated	Standalone
	Net Results (In ₹ Millions)	Nil	Nil	0.50	0.50	48.82	48.82	(0.33)	(0.33)
	Earning Per Share: Basic (In ₹)				Consolidated	Standalone			
	As Reported				9.13	7.92			
	Adjusted Pro Forma				8.97	7.77			
	Earning Per Share: Diluted (In ₹)								
	As Reported				8.92	7.75			
	Adjusted Pro Forma				8.76	7.59			
3	Description of each type of employee share-based payment plan that existed at any time during the period including the following -								
	Total number of options under the plan*	18,000,000		11,049,145		13,042,992		5,720,839	
	Vesting Requirements	Options: Vesting 25% on each successive anniversary of the grant date or as per the discretion of the Committee. Deferred – 33.33% on each successive anniversary of the grant date or as per the discretion of the Committee. Loyalty – 100% on the successive anniversary of the grant date or as per the discretion of the Committee.		Options: Vesting 25% on each successive anniversary of the grant date or as per the discretion of the Committee except in case of grants to directors vesting is 50% on each successive anniversary of the grant date or as per the discretion of the Committee.		Options: Vesting 25% on each successive anniversary of the grant date or as per the discretion of the Committee except in case of grants to directors vesting is 50% on each successive anniversary of the grant date and in case of special performance linked 1% stock options vesting is 50% on each successive anniversary on achieving specified performance targets. Performance Options: Vesting 25% on each successive anniversary of the grant date on achieving specified performance targets or as per the discretion of the Committee.		Options: Vesting 25% on each successive anniversary of the grant date or as per the discretion of the Committee. Performance Options: Vesting 25% on each successive anniversary of the grant date on achieving specified performance targets or as per the discretion of the Committee.	
	Maximum term of options granted	10 years		7 years		7 years		7 years	
	Method of settlement	Equity Settled		Equity Settled		Equity Settled		Equity Settled	
4	Number and weighted average exercise prices of stock options for each of the following groups of options*	Number of options	Weighted Average Exercise Price (₹)	Number of options	Weighted Average Exercise Price (₹)	Number of options	Weighted Average Exercise Price (₹)	Number of options	Weighted Average Exercise Price (₹)
	- Outstanding at the beginning of the year	33,076	4.50	851,118	13.00	9,494,308	14.24	689,644	31.59
	- Granted during the year	-	-	-	-	2,949,500	66.82	-	-
	- Forfeited/lapsed during the year	33,076	4.50	56,000	20.31	735,340	26.64	336,478	33.22
	- Exercised during the year	-	-	239,838	12.50	2,542,144	11.78	174,486	31 .27
	- Outstanding at the end of the year and	-	-	555,280	12.48	9,166,324	30.85	178,680	28.83
	- Exercisable at the end of the year	-	-	72,200	12.45	1,309,084	16.83	550	5.00
5	Number of options vested*	-		72,200		1,309,084		550	
6	Total number of shares arising as a result of exercise*	-		227,588		2,209,593		174,486	-
	- Shares arising out of options exercised before bonus issue			12,250		332,551		-	
	- Shares arising out of options exercised after bonus issue			215,338		1,877,042		174,486	

Sr. No.	Description	ESOP - 1999	ESOP - 2002	ESOP - 2007		ESOP - 2008
7	Money realised by exercise of options (₹ in million)	-	3.00	29.94		5.46
8	Employeewise details of options granted to -					
	- Senior management personnel	Nil	Nil	Name	No. of Options	Nil
				Ramanan R.V.	250,000	
				Nataraj N.	170,000	
				V. P. Mathukumar	150,000	
				Seshadri Ramanan	150,000	
				Ravi Vaidyanathan	130,000	
				Deependra Chumble	70,000	
				Rajiv Pant	50,000	
				Uday Reddy	40,000	
				Sundararajan Varadarajan	30,000	
				Nilay Jhala	10,000	
	- Employees holding 5% or more of the total number of warrants/options granted during the year	Nil	Nil	Name	No. of Options	Nil
				Ramanan R.V.	250,000	
				Nataraj N.	170,000	
				V. P. Mathukumar	150,000	
				Seshadri Ramanan	150,000	
	- Identified employees who were granted warrant/option, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants/options and conversions) of the Company at the time of grant	Nil	Nil	Nil		Nil
9	For stock options outstanding at the end of the period, the range of exercise prices and weighted average remaining contractual life (vesting period + exercise period). If the range of the exercise prices is wide, the outstanding options should be divided into ranges that are meaningful for assessing the number and timing of additional shares that may be issued and cash that may be received upon exercise of those options.*	Not Applicable	Details for ESOP 2002, 2007 and 2008 Scheme:			
			Price range ₹	Nos.	Weighted average remaining life	
			1 – 13.3	6,188,284	51	
			27 – 50.5	918,500	63	
			51.98 – 85.5	2,793,500	76	
			Total	9,900,284		
10	For stock options granted during the period, the weighted average fair value of those options at the grant date and information on how the fair value was measured including the following -	No grants made during the current year	No grants made during the current year	₹ 34.71		No grants made during the current year
	- Option pricing model used			Black Scholes Option Pricing Model		
	- Inputs to that model including -					
	weighted average share price (₹)			66.71		
	exercise price (₹)			66.82		
	expected volatility			57.82% – 63.66%		

Sr. No.	Description	ESOP - 1999	ESOP - 2002	ESOP - 2007	ESOP - 2008
	option life (comprising vesting period + exercise period)			4 – 5.50 years	
	expected dividends			1.42%–1.96%	
	risk-free interest rate			7.85%–8.34%	
	any other inputs to the model including the method used and the assumptions made to incorporate the effects of expected early exercise.				
	- Determination of expected volatility, including explanation to the extent expected volatility was based on historical volatility.			Based on historical volatility.	
	- Any other features of the option grant were incorporated into the measurement of the fair value, such as market conditions.			–	
11	For other instruments granted during the period (i.e., other than stock options) - - Number and weighted average fair value of those instruments at the grant date - Fair Value determination in case - (a) fair value not measured on the basis of an observable market price (b) whether and how expected dividends were incorporated (c) whether and how any other features were incorporated	No other instruments were granted during the year	No other instruments were granted during the year	No other instruments were granted during the year	No other instruments were granted during the year
12	For employee share-based payment plans that were modified during the period - - Explanation of those modifications - Incremental fair value granted (as a result of those modifications) - Information on how incremental fair value granted was measured, consistently with the requirements set out in points 7 and 8 above.	No modifications were made to the schemes during the year	No modifications were made to the schemes during the year	No modifications were made to the schemes during the year	No modifications were made to the schemes during the year
13	Total expense recognised for the period for employee share-based payment plans (₹ in million)	Nil (As the intrinsic value is 0)	Nil (As the intrinsic value is 0)	₹ 2.21	₹ 0.03
14	Separate disclosure of that portion of the total expense that arises from transactions accounted for as equity-settled employee share-based payment plans (₹ in million)	Nil (As the intrinsic value is 0)	Nil (As the intrinsic value is 0)	₹ 2.21	₹ 0.03
15	For liabilities arising from employee share-based payment plans - Total carrying amount at the end of the period. - Total intrinsic value at the end to the period for which the right of the employee to cash or other assets had vested by the end of the period.	Nil	Nil	Nil	Nil
16	Diluted earnings per share (EPS) pursuant to issue of shares on exercise of option. (in ₹)		Consolidated 8.92	Standalone 7.75	

* Consequent to change in the capital structure of the Company during the year on account of Issue of bonus share (1:1), the number of resultant options are proportionately increased and the exercise Price is reduced for all ESOP schemes.

Section 212

Statement Pursuant to Section 212 of The Companies Act, 1956 Relating to Subsidiary Companies

(₹ Million)

1.	**Name of the Subsidiary**	Hexaware Technologies Inc., USA	Hexaware Technologies GmbH, Germany	Hexaware Technologies UK Limited, UK	Hexaware Technologies Asia Pacific Pte. Limited, Singapore	Hexaware Technologies Canada Limited, Canada	Hexaware Technologies Mexico S de RL De CV, Mexico	Risk Technology International Limited, India	Caliber Point Business Solutions Limited, India	Focus Frame Europe BV, Netherland	Rampran Infotech Limited, India	Hexaware Technologies SRL, Argentina #	Hexaware Technologies DO Brazil Limited, Brazil
2.	**The Financial year of the Company ended on**	December 31, 2011	December 31, 2011	December 31, 2011	December 31, 2011	December 31, 2011	December 31, 2011	December 31, 2011	December 31, 2011	December 31, 2011	December 31, 2011	December 31, 2011	December 31, 2011
3.	**Holding Company**	Hexaware Technologies Limited, India	Hexaware Technologies Limited, India	Hexaware Technologies Limited, India	Hexaware Technologies Limited, India	Hexaware Technologies Limited, India	Hexaware Technologies Limited, India	Hexaware Technologies Limited, India	Hexaware Technologies Limited, India	Hexaware Technologies Inc., USA	Hexaware Technologies Limited, India	Hexaware Technologies UK Limited, UK *	Hexaware Technologies UK Limited, UK *
4.	**Holding Company's Interest**	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
5.	**Shares held by the holding Company in the Subsidiary**	30,026 Common Stock at no par value	3,618 equity shares of Euro 50 each	3,067,000 equity shares of GBP 1 each	500,000 equity shares of SING$ 1 each	1 Common Stock of no par value	2 Participation Shares of 8,087,502 Pesos	1,000,000 equity shares of ₹ 10 each	11,780,000 equity shares of ₹ 10 each	1,800 Common Stock of Euro 10 each	50,000 equity shares of ₹ 10 each	394 shares of AR$ 10 each	NIL
6.	**Reporting Currency**	USD	EURO	GBP	SD	CAD	MXN	INR	INR	EURO	INR	ARD	BRL
7.	**Exchange Rate**	53.11	68.67	82.00	40.87	52.00	3.80	-	-	68.67	-	12.34	28.47
8.	**Capital**	426.52	12.42	251.48	20.43	1.22	30.76	10.00	117.80	1.24	0.50	0.13	-
9.	**Reserves**	480.89	135.91	1.14	96.14	41.14	24.05	(16.74)	499.34	86.67	(0.05)	0.16	(0.50)
10.	**Total Assets**	3,393.03	255.42	502.94	211.47	56.07	139.25	4.78	953.36	97.82	0.50	0.29	2.19
11.	**Total Liabilities**	2,486.67	107.09	250.32	94.90	13.71	84.44	11.52	336.22	9.91	0.05	-	2.69
12.	**Details of Investments (other than subsidiaries)**	-	-	-	-	-	-	-	-	-	-	-	-
13.	**Turnover**	9,510.99	925.72	857.36	363.84	89.59	296.30	8.72	932.75	92.23	-	2.78	3.86
14.	**Profit/(Loss) Before Taxation**	365.07	21.69	17.62	22.65	7.61	21.57	5.28	112.97	10.56	(0.01)	1.18	(0.50)
15.	**Provisions for Taxation**	151.19	7.00	4.03	3.12	2.20	4.91	0.89	26.61	(1.02)	-	0.41	-
16.	**Profit/(Loss) After Taxation**	213.88	14.69	13.59	19.53	5.41	16.66	4.39	86.36	11.58	(0.01)	0.77	(0.50)
17.	**Proposed Dividend, if any**	NIL	NIL	49.04	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
18.	**Material Change between the end of the Financial year of the subsidiary Company and the Company's Financial year ended December 31, 2011**												
	a. Fixed Assets	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	b. Investments	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	c. Money Lent	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	d. Money borrowed other than those for meeting Current Liabilities	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

Notes:
1) There has been no change in holding Company's interest in the subsidiaries between the end of financial year or the last of the financial years of subsidiary and the end of the holding Company's financial year.
2) * Shares held by nominees of Hexaware Technologies UK Limited.
3) # Application made by Company to General Justice Bureau of Argentina to strike of its name as on November 17, 2011.

For and on behalf of the Board

Atul K. Nishar
(Chairman)

Place : Mumbai
Date : February 2, 2012

Report on Corporate Governance

The detailed report on Corporate Governance, for the financial year January 1, 2011 to December 31, 2011 as per the format prescribed by SEBI and incorporated in Clause 49 of the Listing Agreement is set out below:

1. Company's philosophy on Code of Corporate Governance

Hexaware Technologies Limited's Corporate Governance philosophy encompasses not only regulatory and legal requirements, such as the terms of listing agreements with stock exchanges, but also several voluntary practices aimed at a high level of business ethics, effective supervision and enhancement of value for all stakeholders. An example of this is the separation of the role of Chairman of the Board and the Chief Executive Officer; a practice recommended by the Cadbury Committee on Corporate Governance (UK) and has been in place for more than 10 years in your Company. Another example is the detailed information on cash & bank balances given by your Company every quarter to transparently show where the funds are invested/ held in a safe manner. The Corporate Governance - Voluntary Guidelines 2009 is substantially followed by the Company. With the insider trading policy in place and adoption of the whistle blower policy, the Company has moved ahead in its pursuit of excellence in corporate governance.

At Hexaware Technologies Limited, we believe that Corporate Governance is not just an objective in isolation, but a means to an end – that of building a customer focused, value driven organization. To that effect, we, as a Company, lay greater emphasis on good Corporate Governance – which we believe is a key driver for sustainable corporate growth and long term value creation for all our stakeholders. The Company's philosophy on Corporate Governance envisages an attainment of transparency, accountability and propriety in total functioning of the Company and conduct of business, both internally and externally.

2. Board of Directors

2.1 Composition and category of Directors:

The Board of Directors of your Company comprises of eleven (11) Directors as on December 31, 2011 representing the optimum combination of professionalism, knowledge and experience. Of these, ten Directors are Non-Executive and six are Independent Directors. Mr. Atul K. Nishar is Non-Executive Chairman of the Board.

The Code of Conduct for all Directors and the Senior Management of the Company has been posted on the website of the Company at www.hexaware.com. All Directors and the Senior Management Personnel are under a requirement to affirm the compliance with the said Code annually. The necessary declaration by the CEO of the Company regarding compliance of the above mentioned code by the Directors and the Senior Management of the Company forms part of the Corporate Governance Report.

The composition of the Board of Directors of the Company as on December 31, 2011 is given below, all being Non-Executive Directors except Mr. R. V. Ramanan:

Name	Designation	Independent/ Non-Independent	Shareholding as on 31st Dec'11
Mr. Atul K. Nishar (DIN 00307229)	Chairman	Non-Independent	80,000
Mr. P. R. Chandrasekar (DIN 02251080)	Vice-Chairman & Global CEO	Non-Independent	1,943,428
Mr. R. V. Ramanan (DIN 01956549)	Executive Director	Non-Independent	317,394
Mr. Abhay Havaldar* (DIN 00118280)	Director	Non-Independent	Nil
Mr. Ashish Dhawan (DIN 00015111)	Director	Non-Independent	Nil
Mr. L. S. Sarma (DIN 00009530)	Director	Independent	40,000
Mr. Shailesh V. Haribhakti (DIN 00007347)	Director	Independent	# 115,200
Mr. Bharat Shah (DIN 00136969)	Director	Independent	@ 100,000
Ms. Preeti Mehta (DIN 00727923)	Director	Independent	40,000
Mr. Subrata Kumar Mitra (DIN 00029961)	Director	Independent	40,000
Mr. S. Doreswamy (DIN 00042897)	Director	Independent	Nil

* Mr. Abhay Havaldar was appointed as a Director in place of Mr. Sunish Sharma w.e.f. October 20, 2011.

** Dr. (Mrs.) Alka Nishar resigned as a Director w.e.f July 27, 2011.

49,000 shares are held in the name of Mrs. Amita Shailesh Haribhakti, wife of Mr. Shailesh Haribhakti.

@ 50,000 shares are held in the name of Mrs. Anita Bharat Shah, wife of Mr. Bharat Shah.

2.2 Attendance of each Director at the Board Meetings and the last Annual General Meeting:

The Company holds at least four Board meetings in a year, one in each quarter inter-alia to review the financial results of the Company. The gap between the two Board Meetings does not exceed four calendar months. Apart from the four scheduled Board Meetings, additional Board Meetings are also convened to address the specific requirements of the Company. Urgent matters are also approved by the Board by passing resolutions through circulation. Every Director on the Board is free to suggest any item for inclusion in the agenda for the consideration of the Board. All the departments in the Company communicate to the Company Secretary well in advance, the matters requiring approval of the Board/ Committees of the Board to enable inclusion of the same in the agenda for the Board/ Committee meeting(s). The important decisions taken at the Board/ Committee meetings are promptly communicated to the concerned departments. Action taken report on the decisions/ minutes of the previous meeting is placed at the succeeding meeting of the Board/ Committee for noting.

During the year nine Board Meetings were held respectively on January 11, 2011, January 12, 2011, February 16, 2011, March 12, 2011, April 28, 2011, May 6, 2011, July 27, 2011, October 20, 2011 and December 20, 2011.

The attendance of the Directors at the Board Meeting and the Annual General Meeting held during the year 2011 was as follows:

Directors	Board Meetings attended during the year	Whether attended last AGM	Whether attended last EGM	Other Directorships/ Board Committees (Numbers)	
				Directorship of other Indian Public Companies	Board Committee Membership/ (Chairmanship)
Mr. Atul K. Nishar	9	Yes	Yes	-	-
Mr. P. R. Chandrasekar	7	Yes	Yes	2	-
Mr. R. V. Ramanan	9	Yes	Yes	2	-
Mr. L. S. Sarma	8	Yes	Yes	2	1(1)
Dr. (Mrs.) Alka Atul Nishar (resigned w.e.f 27.07.2011)	6	Yes	Yes	-	-
Mr. Bharat Shah	7	Yes	Yes	4	3(1)
Mr. Shailesh V. Haribhakti	9	Yes	Yes	13	9(4)
Mr. Sunish Sharma (resigned w.e.f 20.10.2011)	6	Yes	Yes	-	-
Mr. Abhay Havaldar (appointed w.e.f 20.10.2011)	2	Not Applicable	Not Applicable	2	1
Ms. Preeti Mehta	8	Yes	Yes	1	1
Mr. Subrata Kumar Mitra	8	Yes	Yes	8	1
Mr. Ashish Dhawan	6	No	Yes	1	-
Mr. S. Doreswamy	9	Yes	Yes	6	7(3)

Notes:

1. None of the Directors of the Company hold membership of more than ten Committees nor is a Chairperson of more than five committees (as specified in Clause 49), across all companies of which he/ she is a director. Necessary disclosures regarding Committee positions in other Indian public companies as at December 31, 2011 have been made by the Directors.
2. The committees considered for the above purpose are those as specified in existing Clause 49 of the Standard Listing Agreement(s) i.e. Audit Committee and Shareholders/ Investors Grievance Committee.
3. Information placed before the Board for consideration is specified in Clause 2.4.

2.3 The details of Directorship of the Company's Directors in other Indian Public Companies are given below:

Mr. Atul K. Nishar	NIL
Mr. P. R. Chandrasekar	Risk Technology International Limited, Caliber Point Business Solutions Limited (both 100% subsidiaries of your Company)
Mr. R. V. Ramanan	Risk Technology International Limited, Rampran Infotech Limited (both 100% subsidiaries of your Company)
Mr. L. S. Sarma	Granules India Limited, Caliber Point Business Solutions Limited
Mr. Shailesh V. Haribhakti #	Pantaloon Retail (India) Limited, Future Capital Holdings Limited, ACC Limited, Ambuja Cements Limited, Mahindra Lifespace Developers Limited, Blue Star Limited, The Dhanalakshmi Bank Limited, Raymond Limited, J K Paper Limited, Everest Kanto Cylinder Limited, L & T Finance Holdings Limited, Torrent Pharmaceuticals Limited, Future Value Retails Limited
Ms. Preeti Mehta	Bagalkot Cement & Industries Limited
Mr. Subrata Kumar Mitra	SKP Securities Limited, Mangal Keshav Securities Limited, Mangal Keshav Holdings Limited, LIC Nomura Mutual Fund AMC Limited, Usha Martin Education & Solutions Limited, Techpro Systems Limited, LMJ International Limited, AMR Constructions Limited
Mr. Bharat Shah	HDFC Securities Limited, IDFC Pension Fund Management Company Limited, Hathway Cable & Datacom Limited, Orchid Chemicals & Pharmaceuticals Limited
Mr. Abhay Havaldar	Jubilant Life Sciences Limited, Infotech Enterprises Limited
Mr. Ashish Dhawan	Suzlon Energy Limited
Mr. S. Doreswamy	Caliber Point Business Solutions Limited, Ceat Limited, Pantaloon Retails India Limited, Shakti Sugars Limited, DSP Merill Lynch Trustee Co. Ltd., Rama Newsprint and Paper Limited.

Mr. Shailesh V. Haribhakti is an Alternate Director in Fortune Finance Services (India) Limited and Hercules Hoist Limited. However, in accordance with provisions of Sub-Section (d) of Section 278 of the Companies Act, 1956 holding a position of Alternate Director is excluded while calculating the number of Directorship under Section 275 of the Companies Act, 1956.

2.4 Information provided to the Board:

The Board of the Company is presented with all information under the following heads, whenever applicable and materially significant. These are circulated either as part of the agenda papers in advance of the Board Meetings or are tabled in the course of the Board Meetings. This, inter-alia, includes:

1. Annual operating plans of businesses, capital budgets and any updates.
2. Quarterly results of the Company and its operating divisions or business segments.
3. Minutes of the Audit Committee and other Committees.
4. Information on recruitment and remuneration of senior officers just below the Board level, including appointment or removal of Chief Financial Officer and the Company Secretary.
5. Materially important litigations, show cause, demand, prosecution and penalty notices.
6. Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
7. Any material default in financial obligations to and by the Company or substantial non-payment for services rendered by the Company.
8. Details of any joint venture or collaboration agreement.
9. Any issue, which involves possible public liability claims of substantial nature, including any judgment or order, which may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
10. Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
11. Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
12. Sale of material nature of investments, subsidiaries, assets which is not in the normal course of business.
13. Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
14. Non-compliance of any regulatory or statutory provisions or listing requirements as well as shareholder services as non-payment of dividend and delays in share transfer.

2.5 Brief resume of Directors who will be retiring by rotation and are eligible for re-appointment at this Annual General Meeting of the Company:

1. **Mr. L. S. Sarma** has been the Director of Hexaware Technologies Limited since March 2000. He has had distinguished career in banking and finance industry and has worked for Punjab National Bank, Reserve Bank of India and IDBI (One of India's largest financial institution). Mr. Sarma is an expert in International Finance and Trade. He was General Manager of IDBI. IDBI was a pioneer in Project Finance in India. Mr. Sarma was a member of various committees on Export Finance and Construction Contracts. He represented IDBI on the committee for setting up the Export Import Bank of India. After his retirement from IDBI he has been a director and consultant for various Banks and Export bodies.

2. **Mr. Shailesh V. Haribhakti** has been the Director of Hexaware Technologies Limited since May 2006. He is a leading Chartered Accountant and Fellow of the Institute of Chartered Accountants of India, Certified Internal Auditor, Certified Financial Planner, Graduate Cost Accountant and Certified Fraud Examiner. He contributed to shaping of India's economic policy through his association as the Chairman of Corporate Governance Committee of ASSOCHAM. He was the Chairman of WIRC of ICAI, President of BMA and President of IIA, Bombay. Presently Mr. Shailesh V. Haribhakti is Director on the Board of several companies including ACC Limited, Blue Star Ltd., Ambuja Cement Limited, Pantaloon Retail (India) Ltd etc.

3. **Mr. S. K. Mitra** has been the Director of Hexaware Technologies Limited since November 30, 2007. Belonging to one of the early batches of investment bankers in India, Mr. Mitra was instrumental in setting up the Merchant Banking Divisions of two banks – Bank of India and Standard Chartered Bank. He has also headed Corporate Banking and Investment Banking at American Express Bank. At a stage when asset management was in the early stage of development in the country, he set up the GIC Mutual Fund in India. He has also been active in several important Committees and Chambers in India.

   In June 1994, when he joined the Aditya Birla Group as Director, Financial Services, he was responsible for establishing the highly respected and successful financial services activities for the Group. Setting up and overseeing the highly successful stock broking company dealing in both equity and fixed income securities, managing the financial services businesses as CEO, being a member of Board, Executive Committee, Investment Committee, Audit Committee of each of the companies in financial services are some of the accolades he has credited to his name at the Aditya Birla Group. With effect from August 1, 2007 he has stepped down from active role for an advisory role. He has been associated with several reputed companies as an independent Director and Advisor.

   The information required to be forwarded to the shareholders of the Company pursuant to Clause 49 of the Listing Agreement pertaining to brief resume, expertise in functional areas, names of Companies in which he is a Director etc. is being provided separately in Annexure on page No. 66 of the Corporate Governance Report section. Members are requested to refer to the said section of the Corporate Governance Report.

3. Audit Committee

The primary objective of the Audit Committee is to monitor and provide effective supervision of the management's financial reporting process with a view to ensure accurate, timely and proper disclosures and transparency, integrity and quality of financial reporting.

The Committee oversees the work carried out by the Management, Statutory and Internal Auditors on the financial reporting process and the safeguards employed by them.

The Company has adopted the Audit Committee Charter at the Audit Committee meeting held on January 25, 2007 defining therein the Role, Membership, Operations, Authorities, Responsibilities and Disclosure Requirements of Audit Committee.

3.1 Broad terms of reference:

The terms of reference of the Audit Committee are as follows:

(a) To oversee the Company's financial reporting process and the disclosure of its financial information and to ensure that the financial statements are correct, sufficient and credible.

(b) To recommend the appointment/ re-appointment/ removal of external auditors, fixing audit fees and to approve payments for any other services.

(c) To review with the Management the annual financial statements before submission to the Board, focusing primarily on:

- Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956.
- Any changes in accounting policies and practices.
- Major accounting entries based on exercise of judgement by management.
- Qualifications in the draft audit report.
- Significant adjustments arising out of audit.

- The going concern assumption.
- Compliance with the accounting standards.
- Compliance with Stock Exchanges and legal requirements concerning financial statements.
- Any related party transactions i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large.

(d) To review, with the Management, the quarterly financial statements before submission to the Board for approval.

(e) To review and approve annual accounts of the Company and recommend to the Board for consideration or otherwise.

(f) To review with Management, performance of external and internal Auditors and review the adequacy/ efficacy of internal control systems.

(g) To review the adequacy of internal audit function, including coverage and frequency of internal audit.

(h) To discuss with internal auditors about any significant findings and follow-up thereon.

(i) To review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

(j) To discuss with external auditors before the audit commences, the nature and scope of audit as well as have post-audit discussions to ascertain any area of concern.

(k) To review the Company's financial and risk management policies.

(l) To look into the reasons for substantial defaults in the payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

(m) Reviewing, with the Management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue etc).

(n) Review the operation of the whistle blower policy annually.

3.2 Composition, name of Members and Chairman:

The Audit Committee of the Company comprised of the following members as on December 31, 2011: Mr. Shailesh V. Haribhakti (Chairman), Mr. L. S. Sarma, Mr. S. K. Mitra, Mr. Mr. Abhay Havaldar (appointed in place of Mr. Sunish Sharma w.e.f. October 20, 2011), Mr. S. Doreswamy and Ms. Preeti Mehta, all being Non-Executive Directors.

All members of the Audit Committee have accounting and financial management expertise. Mr. Shailesh V. Haribhakti, FCA, is the Chairman of the Audit Committee and has accounting and financial management expertise.

The Chief Finance Officer, the Partner/ Representative of the Statutory Auditors and internal auditors are some of the invitees to the Audit Committee. The Company Secretary of the Company acts as the secretary to the Committee.

During the year, the Audit Committee met 10 (ten) times respectively on January 12, 2011, February 15, 2011, March 12, 2011, April 19, 2011, April 27, 2011, June 15, 2011, July 26, 2011, September 20, 2011, October 20, 2011 and December 20, 2011, the necessary quorum was present at the meetings.

Mr. Shailesh Haribhakti, Chairman of the Audit Committee had attended the Annual General Meeting (AGM) of the Company held on April 27, 2011 and answered the queries raised by the shareholders.

The attendance record of the members is as per the table given below:

3.3 Meetings and Attendance during the year 2011:

Name of the Director	Category	No. of meetings held during the year	
		Held	Attended
Mr. Shailesh V. Haribhakti – Chairman	Independent	10	10
Mr. L. S. Sarma	Independent	10	10
Mr. S. K. Mitra	Independent	10	8
Mr. Sunish Sharma (resigned w.e.f 20.10.2011)	Non-Independent	8	5
Mr. Abhay Havaldar (appointed w.e.f. 20.10.2011)	Non-Independent	2	2
Mr. S. Doreswamy	Independent	10	7
Ms. Preeti Mehta	Independent	10	9

4. Remuneration and Compensation Committee

4.1 Brief description and terms of reference:

The Remuneration and Compensation Committee of the Company comprised of the following members as on December 31, 2011: Mr. L. S. Sarma (Chairman), Mr. Bharat Shah, Mr. Ashish Dhawan and Mr. Abhay Havaldar (appointed in place of Mr. Sunish Sharma w.e.f. October 20, 2011) all being Non-Executive Directors. The scope of this Committee is to determine the compensation of Executive Directors and senior management personnel. The Committee also approves, allocates and administers the Employee Stock Option Schemes and other matters as prescribed by the Listing Agreement from time to time.

4.2 Remuneration Policy:

Hexaware's remuneration policy is based on three tenets: Pay for responsibility, pay for performance & potential and pay for growth. The Remuneration and Compensation Committee is vested with all the necessary powers and authority to ensure appropriate disclosure on the remuneration of Whole-time Directors and to deal with all elements of remuneration package of all such Directors. This includes details of fixed components and performance – linked incentives including stock options.

4.3 Meetings and Attendance during the year 2011:

During the year, Remuneration and Compensation Committee met 6 (six) times respectively on January 10, 2011, January 12, 2011, February 15, 2011, April 27, 2011, July 26, 2011 and October 20, 2011 and necessary quorum was present at the meetings.

The attendance record is as per the table given below :

Name of the Director	Category	No. of meetings held during the year	
		Held	Attended
Mr. L. S. Sarma – Chairman	Independent	6	6
Mr. S. K. Mitra (member of committee till 12.01.2011)	Independent	2	2
Mr. Sunish Sharma (resigned w.e.f 20.10.2011)	Non-Independent	5	4
Mr. Abhay Havaldar (appointed w.e.f 20.10.2011)	Non-Independent	1	1
Mr. Bharat Shah	Independent	6	3
Mr. Ashish Dhawan	Non-Independent	6	3

4.4 Details of Remuneration paid or payable to Directors during the year 2011:

(Amount in ₹)

Name of the Director	Mr. R. V. Ramanan – Executive Director
Salary and Allowances	10,624,337
Perquisites (car – ₹ 15,300, ESOP – ₹ 8,464,428)	8,479,728
Contribution to Provident Fund and Other Funds	384,304
TOTAL	**19,488,369**

Independent Directors

The Company pays Sitting Fees of (a) ₹ 20,000/- per meeting to its Independent Directors for attending meetings of the Board and (b) ₹ 20,000/- per meeting for attending meetings of Committees of the Board.

This year the Board of Directors has decided to pay commission to the Independent Directors up to ₹ 1 million per person, aggregating to ₹ 6 million based on the period of their association with the Company during the year. The Company also reimburses the out-of-pocket expenses incurred by the Directors for attending meetings.

The total number of stock options held by the Directors as at December 31, 2011 is as mentioned in the table 4.5.

4.5 Employee Stock Option Plan/ Sitting Fees/ Notice Period:

Name of the Director	ESOP		Sitting Fees for attending Board/ Committee Meeting Amount in (₹)	Commission paid for 2011 Amount in (₹)	Notice Period
	No. of Options Granted during the year (post bonus)	Total No. of Options held as at 31.12.2011 (post bonus)			
Mr. Atul K. Nishar	Nil	Nil	N.A.	N.A.	N.A.
Mr. P. R. Chandrasekar	Nil	1,415,502 – 2007 Scheme 509,760 – 2007 Scheme Performance Options	N.A.	N.A.	90 days
Mr. R. V. Ramanan	250,000	473,000 – 2007 Scheme 44,606 – 2008 Scheme Performance Options 250,000 – 2007 Scheme	N.A.	N.A.	90 days
Mr. L. S. Sarma	20,000	20,000 – 2007 Scheme	520,000/-	800,000/-	N.A.
Mr. Shailesh V. Haribhakti	20,000	20,000 – 2007 Scheme	400,000/-	800,000/-	N.A.
Ms. Preeti Mehta	20,000	20,000 – 2007 Scheme	400,000/-	800,000/-	N.A.
Mr. S. K. Mitra	20,000	20,000 – 2007 Scheme	440,000/-	800,000/-	N.A.
Mr. Bharat Shah	20,000	20,000 – 2007 Scheme	260,000/-	800,000/-	N.A.
Mr. Ashish Dhawan	Nil	Nil	N.A.	N.A.	N.A.
Mr. S. Doreswamy	20,000	20,000 – 2007 Scheme	380,000/-	700,000/-	N.A.
Mr. Abhay Havaldar	Nil	Nil	N.A.	N.A.	N.A.

During the year, Kanga & Co. a legal firm, where Ms. Preeti Mehta, an Independent Director is a partner has been paid ₹ 441,200/- as professional fees for legal services. The professional fees paid to the firm are not considered material to impinge on the independence of Ms. Preeti Mehta.

Notes regarding ESOP numbers mentioned in table above:

ESOP - 2007

Each Option entitles the holder to apply for and seek allotment of one Equity Share of ₹ 2/- each at price which is determined as per the SEBI guidelines in force as on the date of grant. The Options shall vest on specified dates in four equal installments in every Calendar Year. The holder can exercise the options at any time after the date of vesting till the last date of exercise, subject to the conditions laid down in the ESOP scheme. Post Bonus, the number of options has doubled and the grant price halved as per the ESOP Scheme.

Performance Options (2007/ 2008 Scheme)

Each Option entitles the holder to apply for and seek allotment of one Equity Share of ₹ 2/- each at a discounted price of ₹ 10/- per share (₹ 5/- per share post bonus). The Options shall vest on specified dates in four equal installments beginning April 29, 2010 and balance three on March 1 in every Calendar Year as per the performance criteria laid down by the Remuneration and Compensation Committee of the Board of Directors. The holder can exercise the options at any time after the date of first vesting till April 29, 2016 subject to the conditions laid down in the ESOP Scheme. Post Bonus, the number of options has doubled and the grant price halved as per the ESOP Scheme.

5. Shareholders/ Investors Grievance Committee

5.1 Scope of Shareholders Grievances Committee's activities:

The scope of the Shareholders Grievance Committee is to review and address the grievances of the shareholders in respect of share transfers, transmission, non-receipt of annual report, non-receipt of dividend etc. and other related activities. In addition, the Committee also looks into matters which can facilitate better investors' services and relations.

Shareholders Services:

For the purpose of facilitating the shareholders, the Company has posted on its website detailed services for the Shareholders which contain information on the following:

a) Procedure for Dematerialization of shares;

b) Procedure for transfer of shares;

c) Procedure for transmission of shares;

d) Change of address;

e) Dividend;

f) Nomination Facility;

g) Loss of Share Certificates;

h) Rights as a Shareholder;

i) Result of Postal Ballot, if any;

j) Facility of online Shareholders'/ Investors' Satisfaction Survey on a continuous basis.

5.2 Composition, Meetings and Attendance of Committee:

The composition of the Committee as on December 31, 2011 is given below, all being Non-Executive Directors:

Name of the Director	Category
Mr. S. K. Mitra (Chairman)	Independent
Mr. S. Doreswamy	Independent
Ms. Preeti Mehta	Independent
Mr. R. V. Ramanan	Non-Independent

During the year, Shareholders Grievances Committee met 2 (two) times respectively on June 15, 2011 and December 20, 2011 and all Members were present at both the meetings.

The attendance record is as per the table given below :

Name of the Director	Category	No. of meetings held during the year	
		Held	Attended
Mr. S. K. Mitra (Chairman)	Independent	2	2
Mr. S. Doreswamy	Independent	2	2
Ms. Preeti Mehta	Independent	2	2
Mr. R. V. Ramanan	Non-Independent	2	2

5.3 Details of shareholders complaints received, cleared and pending, during the year 2011:

Nature of Complaints	Received	Cleared	Pending
Transfer, Transmission etc.	0	0	0
Dividend, Interest and Redemption	2	2	0
Annual Report	2	2	0
Others/ Miscellaneous	11	11	0
TOTAL	**15**	**15**	**0**

All the Complaints have been resolved to the satisfaction of Investors.

Pending Transfers: There are no pending transfers as on December 31, 2011.

5.4 Company Secretary and Compliance Officer as on December 31, 2011:

Name of the Company Secretary and the Compliance Officer	**Mrs. Gunjan Methi**
Address	Building No. 152, Millennium Business Park, Sector III, "A" Block, TTC Industrial Area, Mahape, Navi Mumbai – 400 710.
Contact telephone	+91 22 4159 9595
E-mail	Investorinfo@hexaware.com
Fax	+91 22 4159 9578

6. Risk Management

The Company has laid down procedures to inform Board members about the risk assessment and minimization procedures. These procedures are periodically reviewed to ensure that executive management controls risk through means of a properly defined framework.

Detailed note on Risk Management is given in the Management Discussion and Analysis Report.

7. Details of Annual General Meetings

7.1 Location, date and time where the last three Annual General Meetings were held:

Financial year	General Meeting	Location	Date	Time
2010	18th Annual General Meeting	M. C. Ghia Hall, 2nd Floor, Bhogilal Hargovinddas Building, 18/20, K. Dubhash Marg, behind Prince of Wales Museum/Kala Ghoda, Mumbai – 400 001.	Wednesday, April 27, 2011	4.00 p.m.
2009	17th Annual General Meeting	M. C. Ghia Hall, 2nd Floor, Bhogilal Hargovinddas Building, 18/20, K. Dubhash Marg, behind Prince of Wales Museum/Kala Ghoda, Mumbai – 400 001.	Thursday, April 29, 2010	2.30 p.m.
2008	16th Annual General Meeting	M. C. Ghia Hall, 2nd Floor, Bhogilal Hargovinddas Building, 18/20, K. Dubhash Marg, behind Prince of Wales Museum/Kala Ghoda, Mumbai – 400 001.	Tuesday, May 5, 2009	3.00 p.m.

During the last three Annual General Meetings, the Shareholders of the Company have approved the Special Resolutions as provided in the notice of the respective Annual General Meetings. Brief details of such resolutions are as under:

Financial year	General Meeting	Sr. No.	Particulars of Special Resolutions Passed
2010	18th Annual General Meeting	1.	Approval of payment of Increased Salary paid to Mr. Ramanan R. V. from July 1, 2010 to October 27, 2010 i.e. till his appointment as the whole-time Director on October 28, 2010.
		2.	Ratification of Grant of Options under Employee Stock Option Scheme 2002 to four Independent Directors.
2009	17th Annual General Meeting	1.	Renewal of shareholders resolution for payment of commission to Non-Wholetime Directors not exceeding 1% of net profits of the Company for a period of 5 years from 2008 to 2012 and ratification of commission paid for the year 2008.
2008	16th Annual General Meeting	1.	Appointment of Ms. Priyanka A. Nishar, relative of Mr. Atul K. Nishar, Executive Chairman and Dr. (Mrs.) Alka A. Nishar, Director of the Company, as Account Manager in Hexaware Technologies Inc. USA, a wholly owned subsidiary of the Company and the payment of remuneration by Hexaware Technologies Inc, USA which results in holding an office or place of profit in the subsidiary.
		2.	Ratification of one time payment of Joining Bonus paid to Mr. P. R. Chandrasekar by Hexaware Technologies Inc. a wholly owned subsidiary of the Company.

7.2 Location, date and time where last three Extra Ordinary General Meetings were held:

Financial year	General Meeting	Location	Date	Time
2011	Extra Ordinary General Meeting	M. C. Ghia Hall, 2nd Floor, Bhogilal Hargovinddas Building, 18/20, K. Dubhash Marg, behind Prince of Wales Museum/Kala Ghoda, Mumbai – 400 001.	Tuesday, February 15, 2011	4.00 p.m.
2007	Extra Ordinary General Meeting	Patkar Hall, New Marine Lines, Mumbai – 400 020.	Tuesday, September 11, 2007	3.00 p.m.
2006	Extra Ordinary General Meeting	Patkar Hall, New Marine Lines, Mumbai – 400 020.	Thursday, April 13, 2006	11.00 a.m.

Brief of Special Resolutions passed in the above mentioned Extra Ordinary General Meetings:

Financial year	Sr. No.	Particulars of Special Resolutions Passed
2011	1.	Alteration of the Articles of Association of the Company to enable reclassification of shares.
	2.	Alteration of the Article 47 of the Articles of Association of the Company.
	3.	Reclassification of the Authorised Share Capital and Alteration of the Memorandum of Association of the Company.
	4.	Alteration of the Articles of Association of the Company upon reclassification of Authorised Share Capital.
	5.	Alteration of the Articles of Association of the Company to authorise Board of Directors to capitalise Reserves of the Company.
2007	1.	Issue of Securities to permanent employees of the Company not exceeding 5% of the aggregate of the number of issued equity shares of the Company on the date of the grant under the "Hexaware Technologies Ltd. - Employee Stock Option Scheme – 2007".
	2.	Issue of Securities to permanent employees of the subsidiary companies under the "Hexaware Technologies Ltd. - Employee Stock Option Scheme – 2007" within the aforesaid limit of not exceeding 5% of the aggregate of the number of issued equity shares of the Company on the date of the grant.
2006	1.	Alteration of Article 3 of Articles of Association consequent to increase of Authorised Share Capital of the Company from ₹ 65/ – crores to ₹ 221.31 crores.
	2.	Approval of Preferential Allotment of shares to FII - GA Global Investments Ltd.

7.3 Postal Ballot

No Postal Ballot was conducted during the year.

8. Disclosures

(a) There are no transactions with related parties i.e. with the Promoters, Directors, Management, subsidiaries or relatives that may have potential conflict of interest of the Company at large. Transactions with related parties are disclosed in Note No. 5 of schedule 12B to the Standalone Accounts of the Company in the Annual Report.

(b) There has been no instance of non compliance by the Company, no penalties or strictures being imposed on the Company by the Stock Exchanges or SEBI or any statutory authority or any matter related to capital market during the last three years.

(c) In compliance with the Securities and Exchange Board of India (Prevention of Insider Trading) Regulations 1992, as amended till date, the Company has a comprehensive code of conduct and the same is being strictly adhered to by its management, staff and relevant business associates. The code expressly lays down the guidelines and the procedure to be followed and disclosures to be made, while dealing with shares of the Company and cautioning them on the consequences of non-compliance thereof.

The Company follows closure of trading window prior to the publication of price sensitive information. The Company has set up a mechanism where the directors, management and relevant staff & business associates of the Company are informed about the same and are advised not to trade in Company's securities.

(d) The Company has fulfilled the following non-mandatory requirements as prescribed in Annexure I D to Clause 49 of the Listing Agreement with the Stock Exchanges:

(i) Remuneration Committee: The Company has set up a Remuneration & Compensation Committee. Please see the para on Remuneration & Compensation Committee for details.

(ii) Auditors qualification: Nil

(iii) The Company has framed a whistle blower policy which was approved by the Audit Committee on February 15, 2011. The policy enables the employees to report to the management instances of unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. This policy is reviewed annually by the Audit Committee to check the effectiveness of the policy.

(iv) Training of Board members: At the Board Meetings, apart from the regular agenda items, it is ensured that the Board members are provided a deep and thorough insight into the business model of the Company and updates through detailed presentations of various business unit heads, vertical heads, geographical heads etc. The Board members get an open forum for discussion and share their experience. The Board undertakes periodic review of various matters including business wise performance, risk management, forex, internal audit reports etc. Efforts are also made to acquaint and train the Board Members about the emerging trends/issues in the industry through presentations by renowned external speakers.

9. Means of Communication

(a) The quarterly and half yearly results/ other communciations were published in Free Press Journal in English and Navshakti in English/ Marathi.

(b) The Company's audited and un-audited periodical financial results, press releases and the presentations made to institutional investors and analyst are posted on the Company's website – www.hexaware.com and websites of BSE and NSE viz. www.bseindia.com and www.nseindia.com

(c) The Management Discussion and Analysis (MD&A) report has been included in this Annual Report.

10. General Shareholder Information

10.1 Nineteenth Annual General Meeting:

Date	April 27, 2012
Time	4.00 p.m.
Venue	M. C. Ghia Hall, 2nd Floor, Bhogilal Hargovinddas Building, 18/20, K. Dubhash Marg, behind Prince of Wales Museum/Kala Ghoda, Mumbai – 400 001.

10.2 Financial Calendar for the year 2011:

Financial year	**January 1, 2011 to December 31, 2011**	
Dividend Payment	1st Interim Dividend paid on June 3, 2011 @ ₹ 0.50 per share (25%) which may be confirmed by the shareholders at the ensuing Annual General Meeting. 2nd Interim Dividend paid on August 13, 2011 @ ₹ 1 per share (50%) which may be confirmed by the shareholders at the ensuing Annual General Meeting. 3rd Interim Dividend paid on November 12, 2011 @ ₹ 1 per share (50%) which may be confirmed by the shareholders at the ensuing Annual General Meeting. The Board of Directors have recommended final dividend @ ₹ 1.50 per share (75%) which may be approved by shareholders at the ensuing Annual General Meeting.	
Book Closure	Monday, April 2, 2012 to Saturday, April 7, 2012	
Listing on Stock Exchanges	1.	Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 023.
	2.	National Stock Exchange of India Limited, Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051.
	3.	Global Depository Receipts listed on London Stock Exchange Plc. 10 Paternoster Square, LondonEC4M 7LS

Financial reporting for the quarter ending (tentative and subject to change)

March 31, 2012	By April 30, 2012
June 30, 2012	By July 31, 2012
September 30, 2012	By October 31, 2012
December 31, 2012	By February 15, 2013
Annual General Meeting for the year ending December 31, 2012	On or before June 30, 2013

10.3 Registered Office:

The Registered Office of the Company is situated at:
Building No. 152, Millennium Business Park, Sector III, 'A' Block, TTC Industrial Area, Mahape, Navi Mumbai – 400 710.

10.4 Scrip Information:

Name of the Exchange	Reuters	Bloomberg	Code
Bombay Stock Exchange Ltd.	HEXT.BO	HEXW:IN	532129
National Stock Exchange of India Limited	HEXT.NS		"HEXAWARE"
London Stock Exchange	HEXTq.L	HEXD:LI	
ISIN Demat	INE093A01033		

Corporate Identification number of the Company (CIN): L72900MH1992PLC069662

10.5 Stock Market Data:

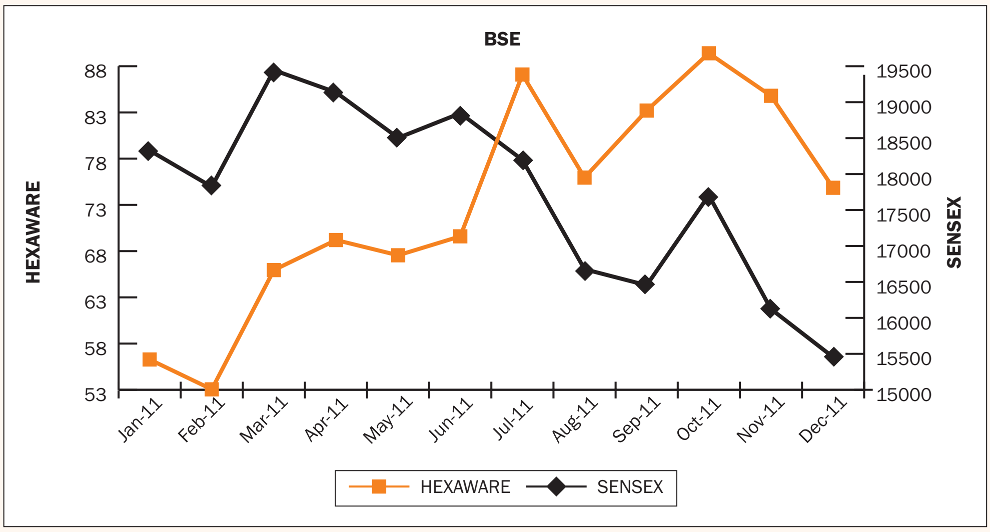
The high/ low of the shares of the Company from January 2011 to December 2011 is given below :

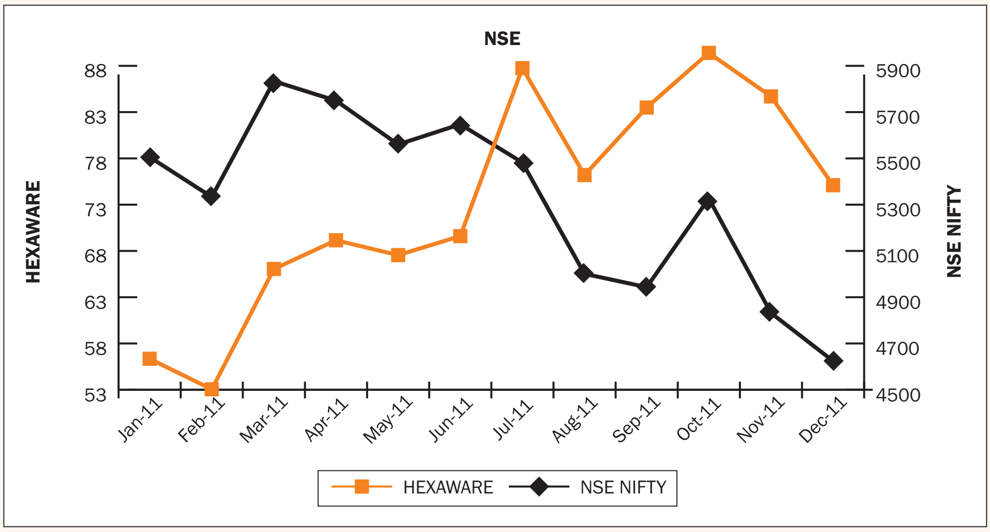
Month	Bombay Stock Exchange (₹)		National Stock Exchange (₹)	
	High	Low	High	Low
January'11	130.00 (65.00)*	109.15 (54.58)*	129.50 (64.75)*	109.10 (54.55)*
February'11	121.00 (60.50)*	52.45	121.45 (60.73)*	52.35
March'11	67.00	52.75	66.95	50.00
April'11	74.00	66.10	74.00	63.00
May'11	69.50	60.50	70.00	60.80
June'11	73.05	63.50	73.15	62.60
July'11	89.60	70.00	90.15	68.00
August'11	94.30	67.85	93.70	67.90
September'11	86.65	70.60	86.85	70.60
October'11	94.10	78.70	92.50	78.75
November'11	89.95	78.50	90.00	77.85
December'11	87.95	73.10	88.20	72.65

* The share price in the bracket is adjusted to maintain consistency and reflect the post bonus data. (Bonus shares issued in 1:1 ratio)

During the year, no trades have taken place of Company's GDR's on London Stock Exchange.

10.6 Stock Performance:





10.7 Registrar and Share Transfer Agents:

In order to attain speedy processing and disposal of share transfers and other allied matters, the Board has appointed M/s. Sharepro Services (India) Private Limited as the Registrar and Share Transfer Agents of the Company. Their complete postal address is as follows:

M/s. Sharepro Services (India) Private Limited

Unit: Hexaware Technologies Limited

13 AB, Samhita Warehousing Complex, 2nd Floor, Near Sakinaka Telephone Exchange, Off Andheri-Kurla Road, Sakinaka, Andheri (East), Mumbai 400072.

Tel. Nos : 67720300/ 67720356

Fax. Nos: 28591568

E-mail: sharepro@shareproservices.com; anandp@shareproservices.com; indira@shareproservices.com

10.8 Share Transfer system:

The trading in Equity Shares of the Company is permitted only in dematerialized form. Share Transfers in physical form are registered and returned between 15 to 30 days from the date of receipt, if documents are in order in all respects.

The Registrar and Share Transfer Agents usually approve transfer of shares every 15 to 30 days.

10.9 Distribution of Shareholding:

As on December 31, 2011

No. of Equity Shares held	No. of Shareholders	% of Shareholders	Total No. of Shares held	% of Shareholding
1 – 500	73,846	87.65	11,942,074	4.07
501 – 1000	6,405	7.60	4,794,047	1.63
1001 – 2000	2,331	2.77	3,443,467	1.18
2001 – 3000	500	0.59	1,263,825	0.43
3001 – 4000	291	0.35	1,066,882	0.36
4001 – 5000	148	0.18	694,492	0.24
5001 – 10000	299	0.35	2,195,505	0.75
10001 & above	429	0.51	267,958,136	91.34
TOTAL	**84,249**	**100.00**	**293,358,428**	**100.00**

Categories of Shareholding (as on December 31, 2011):

Sr. No.	Category of Holder	No. of Shares	% of Equity
1.	Promoters Holdings	82,598,136	28.16
2.	Mutual funds/ UTI	16,665,433	5.68
3.	Banks/ Financial Institutions/ Insurance Companies (Central/ State Govt. Institutions/ Non-Govt. Institutions)	10,954,578	3.73
4.	FIIs/ GDR	142,848,362	48.70
5.	Others:		
	- Private Corporate Bodies	3,305,528	1.13
	- Indian Public	32,184,526	10.97
	- NRIs/ OCBs	4,778,877	1.63
	- Trust	22,988	0.01
	Sub Total	**40,291,919**	**13.74**
	TOTAL	**293,358,428**	**100.00**

Pledge of Shares: None of the promoters have pledged their shares as on December 31, 2011.

Top 10 Shareholders as on December 31, 2011:

Sr. No.	Name of the Shareholder	No. of Shares	% of Shareholding
1.	Elder Hides and Leather Pvt. Ltd.	52,154,456	17.78
2.	Elder Venture LLP	29,250,000	9.97
3.	Dali Limited	28,627,294	9.76
4.	FID Funds (Mauritius) Limited	25,961,668	8.85
5.	GA Global Investments Ltd.	21,139,580	7.21
6.	J P Morgan Chase Bank (unregistered ADRs held by GA Global Investments Ltd.)	21,111,400	7.20
7.	Life Insurance Corporation of India	10,496,398	3.58
8.	GMO Emerging Markets Fund	8,736,910	2.98
9.	BNY Mellon Emerging Markets Fund	8,204,650	2.80
10.	IDFC Sterling Equity Fund	5,500,000	1.88
	TOTAL	**211,182,356**	**72.01**

10.10 Dematerialization of Shares and liquidity:

Procedure for dematerialization/ rematerialization of shares:

Shareholders seeking demat/remat of their shares need to approach their Depository Participants (DP) with whom they maintain a demat account. The DP will generate an electronic request and will send the physical share certificate to Registrar and Share Transfer Agents ("the Registrar") of the Company. Upon receipt of the request and share certificate, the Registrar will verify the same. Upon verification, the Registrar will request National Securities Depository Ltd. (NSDL)/ Central Depository Services (India) Ltd. (CDSL) to confirm the demat request. The demat account of the respective shareholder will be credited with equivalent number of shares. In case of rejection of the request, the same shall be communicated to the shareholder.

In respect of remat, upon receipt of the request from the shareholder, the DP generates a request and verification of the same is done by the Registrar. The Registrar then requests NSDL and CDSL to confirm the same. Approval of the Company is being sought and equivalent number of shares are issued in physical form to the shareholder. The share certificates are dispatched within one month from the date of issue of shares.

98.41% of the issued capital of your Company has been dematerialized up to December 31, 2011.

Go Green initiative:

In order to protect the environment and as a Go Green initiative, the Company has taken an initiative of sending documents like Notice calling the Annual General Meeting, Corporate Governance Report, Directors' Report, Audited Financial Statements, Auditors' Report, dividend intimations etc. by e-mail. Physical copies shall be sent only to those shareholders whose e-mail addresses are not registered with the Company and for the bounced e-mail cases. Shareholders are requested to register their **e-mail id with RTA/ Depository** to enable the Company to send the documents in electronic form or inform the Company in case they wish to receive the above documents in paper mode.

10.11 Dividend payment date:

The Board has declared and paid the 1st interim dividend on June 3, 2011 @ ₹ 0.50 per share (25%), 2nd Interim dividend on August 13, 2011 @ ₹ 1.00 per share (50%) and 3rd Interim Dividend on November 12, 2011 @ ₹ 1 per share (50%) which may be confirmed by the shareholders at the ensuing Annual General Meeting. The Board has recommended final dividend @ ₹ 1.50 per share (75%) to the shareholders for their approval which, if approved, shall be paid on May 2, 2012.

10.12 Outstanding GDR/ Warrants and Convertible bonds, conversion date and likely impact on the equity:

1. Global Depository Receipts (GDR):

The outstanding GDR as on December 31, 2011 is 179,560.

The outstanding unregistered ADR as on December 31, 2011 is 21,111,400.

These GDRs/ADRs are represented by underlying shares in the ratio of 1:1, hence both do not have impact on equity.

2. Warrants/ Options:

1. 555,280 Options outstanding under ESOP Scheme 2002 entitles the holder to get allotted one Equity share of ₹ 2/- each in the Company at an exercise price being as per the SEBI guidelines in force on the date of the grant or such price that was determined by the Remuneration and Compensation Committee ('Committee'). The options shall vest in four equal installments or as determined at the discretion of the Committee.
2. 9,166,324 Options outstanding under ESOP Scheme 2007 entitles the holder to get allotted one Equity share of ₹ 2/- each in the Company at an exercise price being the latest available closing price of the shares on the Stock Exchange, which recorded the highest trading volume in the Company's equity shares on the date prior to the date of the meeting of the Board/ Remuneration Committee at which the Securities were granted or at such price as the Board/ Remuneration Committee may determine. The options shall vest in four equal installments or as determined at the discretion of the Committee.
3. 178,680 Options outstanding under ESOP Scheme 2008 entitles the holder to get allotted one Equity share of ₹ 2/- each in the Company at an exercise price being the latest available closing price of the shares on the Stock Exchange, which recorded the highest trading volume in the Company's equity shares on the date prior to the date of the meeting of the Board/ Remuneration Committee at which the Securities were granted or at such price as the Board/ Remuneration Committee may determine. The options shall vest in four equal installments or as determined at the discretion of the Committee.

Assuming all the Options granted, under all the three ESOP Schemes of the Company, which, would vest, be exercised and converted into Equity shares of the Company, the total number of Equity shares would increase by 9,900,284 (post bonus) of ₹ 2/- each. Post Bonus, the number of options has doubled and the grant price halved as per the ESOP Scheme.

10.13 Plant Locations (Hexaware Technologies Limited, India):

Registered Office & Offshore Development Center	152, Millennium Business Park, Sector III, 'A' Block, TTC Industrial Area, Mahape, Navi Mumbai – 400 710.	Navi Mumbai
Offshore Development Center	1, Millennium Business Park, Sector III, TTC Industrial Area, Mahape, Navi Mumbai – 400 710.	Navi Mumbai
Offshore Development Center	157, Millennium Business Park, Sector III, TTC Industrial Area, Mahape, Navi Mumbai – 400 710.	Navi Mumbai
Offshore Development Center	SIPCOT IT Park, Navalur Post, Siruseri – 603 103.	Chennai
Offshore Development Center	E Space - IT Park, Bldg. No. A3, 4th and 5th Floors, Survey No. 46/1, Vadgaon Sheri, Nagar Road, Pune – 411 014.	Pune
Offshore Development Center	3rd Floor, Embassy Icon, 2/1 Infantry Road, Bengaluru – 560001.	Bengaluru

10.14 Transfer of unclaimed dividend to Investor Education and Protection Fund:

Pursuant to the provisions of Section 205A (5) of the Companies Act, 1956, dividend which remains unpaid or unclaimed for a period of seven years from the date of its transfer to unpaid dividend account, is required to be transferred by the Company to the Investor Education and Protection Fund ('IEPF'), established by the Central Government under the provisions of Section 205C of the Companies Act, 1956. Shareholders are advised to claim the un-encashed dividend lying in the unpaid dividend account of the Company before the due date. A sum of ₹ 607,990/- has been transferred to the Investor Education and Protection Fund in the year 2011 towards unclaimed/unpaid dividend for the year 2003.

Given below are the dates of declaration of dividend and corresponding dates when unclaimed dividends are due for transfer to IEPF.

Date of declaration of dividend	Dividend for the year	Due date for transfer to IEPF
April 4, 2005 (Final)	2004	May 10, 2012
October 27, 2005 (Interim)	2005	December 2, 2012
June 29, 2006 (Final)	2005	August 4, 2013
July 18, 2006 (Interim)	2006	August 23, 2013
April 24, 2007 (Final)	2006	May 30, 2014
July 18, 2007 (Interim)	2007	August 23, 2014
August 8, 2008 (Interim)	2008	September 13, 2015
May 5, 2009 (Final)	2008	June 10, 2016
July 29, 2009 (Interim)	2009	September 3, 2016
April 29, 2010 (Final)	2009	June 4, 2017
July 29, 2010 (Interim)	2010	September 3, 2017
January 11, 2011 (Special Interim)	2010	February 16, 2018
April 27, 2011 (Final)	2010	June 2, 2018
May 6, 2011 (Interim)	2011	June 11, 2018
July 27, 2011 (Interim)	2011	September 1, 2018
October 20, 2011 (Interim)	2011	November 25, 2018

10.15 Investor Correspondence:

Shareholders can contact the following officials for secretarial matters of the Company:

Name	E-Mail ID	Telephone Number	Fax No.
Gunjan Methi, Company Secretary	investorinfo@hexaware.com	+ 91 22 4159 9595	+91 22 4159 9578

Shareholders can contact the following Officials for financial matters:

Name	E-Mail ID	Telephone Number	Fax No.
Prateek Aggarwal Chief Finance Officer	investorinfo@hexaware.com	+ 91 22 4159 9595	+91 22 4159 9578
Rajesh Kanani VP – Corporate Finance	investorinfo@hexaware.com	+ 91 22 4159 9595	+91 22 4159 9578

Following is the address for correspondence with the Company:
Hexaware Technologies Limited
Building No. 152, Millennium Business Park, Sector III,
'A' Block, TTC Industrial Area,
Mahape, Navi Mumbai – 400 710.
E-mail: investorinfo@hexaware.com

Details of the Directors seeking appointment/ re-appointment at the Annual General Meeting (in pursuance of Clause 49 (IV)(G) of the Listing Agreement)

At the ensuing Annual General Meeting, Mr. L. S. Sarma, Mr. Shailesh V. Haribhakti and Mr. S. K. Mitra, Directors of the Company retire by rotation and being eligible offer themselves for re-appointment. Mr. Abhay Havaldar has been appointed on the Board as Additional Director of the Company w.e.f. October 20, 2011. The brief resume, experience and functional expertise and the membership on various Boards and Committees of the Directors proposed to be re-appointed at serial nos. 3, 4, 5 and 7 of the Notice convening 19th Annual General Meeting, as per the Corporate Governance code defined under Clause 49 of the Listing Agreement are furnished below:

Name of the director	**Mr. L. S. Sarma**	**Mr. Shailesh V. Haribhakti**	**Mr. S. K. Mitra**	**Mr. Abhay Havaldar**
Date of Birth	October 11, 1928	March 12, 1956	January 16, 1948	December 5, 1961
Age	83	56	64	50
Date of first Appointment	March 11, 2000	May 25, 2006	November 30, 2007	October 20, 2011
Experience in specific functional area	Expert in International Finance and Trade	Wide experience across variety of Industries	Banking and Financial Services over more than three decades	Extensive experience in global growth equity firm and Identifying Potential Investment Opportunities
No. of Shares held in the Company as on 31.12.2011	40,000	115,200*	40,000	NIL
Qualification	Masters Degree in Commerce (First Class), CAIIB	Fellow Member of ICAI, Certified Internal Auditor, Certified Financial Planner, Graduate Cost Accountant and Certified Fraud Examiner	M. Sc. and Masters of Business Administration from USA	Bachelor's degree in Electrical Engineering from the University of Bombay and Masters in Management degree from the Sloan Fellow Program at the London Business School
List of Companies in which directorship held	Granules India Limited, Caliber Point Business Solutions Limited (100% subsidiary of your Company)	Pantaloon Retail (India) Limited, Future Capital Holdings Limited, ACC Limited, Ambuja Cements Limited, Mahindra Lifespace Developers Limited, Blue Star Limited, The Dhanalakshmi Bank Limited, Raymond Limited, J K Paper Limited, Everest Kanto Cylinder Limited, L & T Finance Holdings Limited, Torrent Pharmaceuticals Limited, Future Value Retails Limited	SKP Securities Limited, Mangal Keshav Holdings Ltd., Mangal Keshav Securities Ltd., LIC Nomura Mutual Fund AMC Limited, Usha Martin Education & Solutions Limited, Tecpro Systems Limited, LMJ International Limited, AMR Constructions Limited	Jubilant Life Sciences Limited, Infotech Enterprises Limited
Chairman/ Member of the Committee of the Board of Companies in which Director #	Granules India Limited - Audit Committee – Chairman, Caliber Point Business Solutions Limited – Audit Committee – Chairman	L & T Finance Holdings Limited – Audit Committee – Chairman, Ambuja Cements Ltd. – Audit Committee – Chairman, ACC Limited – Audit Committee – Chairman, Raymond Limited – Audit Committee – Chairman, Blue Star Limited – Audit Committee – Member, The Dhanalakshmi Bank Limited – Audit Committee – Member, Mahindra Lifespace Developers Limited – Audit Committee – Member, Pantaloon Retail (India) Limited – Audit Committee – Member, Torrent Pharmaceuticals Limited – Audit Committee – Member	LIC Nomura Mutual Fund AMC Ltd. – Audit Committee – Member	Jubilant Life Sciences Limited – Audit Committee – Member

\# The committees considered for the above purpose are those as specified in existing Clause 49 of the Standard Listing Agreement(s) i.e audit committee, shareholders/ investors grievance committee.

* 49,000 Equity shares are held in the name of Mrs. Amita Shailesh Haribhakti, wife of Mr. Shailesh Haribhakti.

For and on behalf of the Board

Atul K. Nishar

(Chairman)

Place : Mumbai

Date : February 2, 2012

CEO AND CFO CERTIFICATION

We hereby certify that:

(a) We have reviewed financial statements and the cash flow statement for the quarter and year ended December 31, 2011 and that to the best of our knowledge and belief:

   (i) these financial statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   (ii) these financial statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.

(c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

(d) We have indicated to the Auditors and the Audit Committee:

   (i) significant changes in internal control over financial reporting during the year;

   (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

   (iii) instances of significant fraud of which we have become aware and the involvement therein; if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

P. R. Chandrasekar
Vice-Chairman & Global CEO

Prateek Aggarwal
Chief Finance Officer

Date: February 2, 2012

Auditors' Certificate on compliance of conditions of Corporate Governance as per Clause 49 of the Listing Agreement of the Stock Exchange

To the members of Hexaware Technologies Limited

We have examined the compliance of conditions of Corporate Governance by Hexaware Technologies Limited, for the year ended December 31, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring compliance of conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm registration no: 117366W)
Mumbai, February 2, 2012

R. D. Kamat
Partner
Membership no. 36822

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

This is to confirm that the Company has adopted a Code of Conduct for the Board of Directors and Senior Management of the Company. The same is available on website of the Company at www.hexaware.com.

As Vice-Chairman and Global Chief Executive Officer of Hexaware Technologies Limited and as required by Clause 49(I)(D) (ii) of the Listing Agreement of the Stock Exchanges in India, I hereby declare that all the Board members and senior management personnel of the Company as identified by the Company considering the requirements in this respect under clause 49 (I)(D), of Corporate Governance, have affirmed compliance with the Code of Conduct for the financial year 2011.

P. R. Chandrasekar
Vice-Chairman & Global CEO

Place : Mumbai
Date : February 2, 2012

1. Business Overview

Hexaware is amongst the leading IT Service Providers with sustained focus and leadership in the selected industry segments – Banking & Financial Services, Healthcare & Insurance and Travel & Transportation. In addition, your Company holds a competitive edge in horizontal niche areas like Enterprise Solutions (ERP), Quality Assurance & Testing Services (QATS/ Testing Services) and rapidly building scale in practices like Remote Infrastructure Management Services (IMS), Business Intelligence and Analytics (BA/ BI) and Business Process Outsourcing (BPO).

With a clear and concise definition of its industry segments in which it operates, your Company has strived to build on its competencies and knowledge quotient to cater to its well-demarcated sphere of clients and excelled at addressing specific problems with customized solutions through Consulting, IT and BPO services.

Be it Hexaware's superior delivery from global development centers worldwide, dedicated centers of excellence (CoE) for promoting in-house innovation or alliances with strategic partners for increasing the knowledge quotient, the enhanced focus on technological and industry leadership in the select practices is well found. Being just the right size for scalability, agility further strengthened through proximity to clients, your Company clocked industry leading revenue growth on the back of several large deals and an enhanced need for skilled resources to deliver on client commitments. Your Company's low attrition, steady stream of repeat business, healthy revenue share from new clients, key partnerships and alliances – all played an active role in driving the fast-track growth this year.

This superior performance in the market place has been established on the back of many years of dedicated groundwork in creating infrastructure – knowledge, process and people.

2. Market Developments

Macro-economic indicators, highlighted by the gradual recovery from the slowdown in the United States and the ongoing Eurozone crisis had various impacts on the global footing. This had visible impact on items such as fluctuations in the foreign exchange currency conversion rates and overall growth expectation. IT spending is subdued because of the lower client confidence and overhang from the overall macro-environment.

If we look at IT/ ITeS industry, with the context of global macro-economic scenario, the industry is likely to witness growth in 2012. For Hexaware, in spite of Eurozone crisis, Europe as a market place provided healthy traction and growth opportunity with some large deals and registered good growth through the year 2011. Your Company has added 10 new clients in EU during 2011. Europe has not evolved as a major buyer of offshore services of IT services unlike US – implying enhanced offshoring in troubled times. Likewise, there remains a good opportunity for IT companies such as Hexaware to provide more services from offshore locations to help US institutions manage their costs better and recover strongly. Your Company continues to keep a close eye on these developments as they unfold.

While the short-term economic outlook has certain challenges, your Company is confident in the long-term growth prospects of its business. In a climate of economic uncertainty, priority of your company remains to strengthen the relationships with the customer, continue to deliver exceptional value to the customers through an unrivalled quality of service delivery. Your Company will continue to focus on delivering on its Strategic Plan, ensuring that it continues to meet and exceed the stakeholders' expectations, investing in the innovation that sets Hexaware apart. Throughout the last six quarters, your Company recorded a robust volume growth and reported a CQGR in excess of 8% in USD terms, thereby, delivering industry leading revenue growth on a progressively expanding operating margins.

During the last couple of years, your Company was keenly focused in winning certain identified marquee client logos. To that effect, the sales organization was strengthened with a healthy mix of "Hunters" skilled at winning new logos and "Farmers" adept at account management and driving growth in existing clients. In the year 2011, your Company added 51 new logos through the course of the year. The average size of the first win also increased on a year-on-year basis. With this achievement, the new client wins contributed a healthy 6%+ revenue in 2011 and laid the foundation for multiple million dollar plus clients over the medium term.

3. Organization Developments

Your Company had rolled out a new organization structure in 2008 and had been streamlining the same in 2009. In 2011, the Company stabilized further with the Business Unit Heads establishing themselves in their roles and taking charge of the active opportunities in their business domains. The matrix organization structure under Geography – Vertical – Horizontal structure streamlined further.

From a geography standpoint, the changes made in the Europe continent and in the Asia Pacific region, began to yield positive outcomes. The team felt energized under the new leadership and subsequently set out with a well-defined focus while approaching the market place. Your Company marked an entry in to the Latin America market by increasing its presence in Mexico. Similarly, your Company remained focused on developing its client base in United Kingdom and leveraging its existing presence in Germany. To continue with the underlying theme of selected market segments, Australia and India were identified as markets with high growth potential in the Asia Pacific region.

From a vertical standpoint, the year 2011 saw a formal launch of the third vertical – Healthcare & Insurance – to augment the existing two verticals viz., Banking and Financial Services and Travel & Transportation. These named verticals were further strengthened by addition of Sales Professionals, Domain Consultants, Solution Architects, Pre-Sales Practitioners and Service Delivery Leads.

Continuing with the historically established strengths in Horizontal/ Technology Service Lines, your Company continued to build on its dominant position in PeopleSoft Services segment driving on the wave of version 9.1 and used the existing clientele to strengthen its capability in both SAP and in Oracle E-Business Suite. Through the year 2011, your Company strengthened the field presence across all its horizontals including Testing Services (QATS), Business Intelligence (BA/ BI) and even the most recent Remote Infrastructure Management Services (Remote IMS).

Continuing with the core strategy of your Company to be a technology specialist, your Company is focused heavily on the latest emerging trends in the market place such as Cloud, Big Data, Social Media and Enterprise Mobility. Through this Annual Report, your Company has shared some of the initiatives undertaken as a lot of activity is currently underway to stay abreast with the latest developments. Your Company believes these initiatives would act as the perfect springboard to help garner greater share of the market once the clients in the Americas and Europe embrace these technologies.

An across-the-board improvement in the people metrics led to a net induction of 1,806 personnel, including 591 fresh engineers for improved employee pyramid to create a strong foundation and deliver sustainable healthy performances going forward. Your Company also registered several large deal wins across multiple offerings with existing clients and saw its margins improving further from prudent management of general and administrative expenses. Through the year 2011, your Company streamlined its operations further and has now consolidated its operations and reducing rental expenses across many locations.

4. Opportunities and Strengths

A. Opportunities:

From a market place standpoint, your Company had selected certain segments and has continually invested to strengthen its capabilities and wherewithal in those chosen niches. As a result, Hexaware's opportunity landscape has close semblance to its strategy of focused leadership. Your company has opted to invest in consciously nurtured domains to develop innovative solutions delivery through skilled human capital resulting in progressive gains in terms of market share. This in turn fosters further growth and investments – a sustainable pattern with strong and existing competencies contributing to further practice development, continuously fortifying Hexaware's competitive edge. Your Company also leverages its wealth of past client experiences across various client assignments, thus using a multi-dimensional approach to address challenges unique to each industry.

Our notable opportunities in 2012 would include:

Large Deals

With six large deals signed in the past six quarters, your Company is now acknowledged to be a contender in IT segment for its ability to successfully win high volume engagements especially amongst the existing clients. In 2011, your Company signed its biggest contract till date, a 5-year engagement worth $ 250 million with a UK-based client, to offer ERP, BI/ BA, QATS, ADM and IMS Solutions across existing and newer geographies. Your Company closed another major contract worth $ 177 million, extending existing business worth $ 77 million with $ 100 million of incremental opportunity. All the big deals were extended relationships with existing clients, spanning diverse technologies in the forte practices. With relationship dynamics strengthened and increased likelihood of client offshoring in current situation, there is good indication of more such deals in future.

Client Orientation

Your Company had a significant portion of its overall revenue in 2011, coming from clients where the relationship goes back several years. If one were to look at the Top 10 clients, the average tenure of the relationships with these clients is greater than five years. It is such stable and steady interactions that give your Company ample space to devote energies to strategize along with the client, plan for the next set of initiatives jointly with the client executives and drive investments for innovation to help realize joint corporate goals. Your Company is preferred vendor or even partner to many of these clients; with access and good rapport with their senior management.

In 2011, your Company had five clients with annual revenues in excess of USD 10 million, including three clients with revenues more than USD 20 million. Your Company had 47 clients with revenues between $ 1–10 million – a number that keeps growing every year.

Your Company's list of active clients has many marquee logos and made 51 new additions in 2011 through the 'hunting' channel. The existing sales organization had already been re-aligned to well-defined 'Hunting' and 'Account Management' teams and this has started yielding desired results through focused attention in the chosen areas of strength to each business development channel.

Innovative Delivery Model

Usage of Software as a Service (SaaS), Business Process as a Service (BPaaS) and demand for Infrastructure Management Services (IMS) outsourcing are rising rapidly in industry. This has generated a prompt interest among IT Service providers to develop these competencies through tie-ups with SAAS providers and the like to offer service offerings to the clients. Similarly, all major ERP providers have announced their On Demand version of the ERP. Hence, Software Services companies including yours are working closely to help clients migrate to these newer versions of ERP applications both through the "On Premises" model and through the "On Demand" model.

Output based pricing is bound to change the way IT service pricing would be done and shared services model would gain prominence and it has the potential to emerge as the dominant contracting model for the business in future. With radical developments in the technology, the clients are often contemplating ways to re-engineer their existing IT landscape to derive maximum benefits from the developments in the technology arena. Hence, the demand for architecture and consulting services would significantly increase, thereby underlining the need for Indian IT sector to move up the value chain.

Last but not the least; Innovation would continue to be a key factor to survive in a competitive market place. Your Company has an early mover advantage – having identified the importance much earlier and this would continue well into the future. Hexaware has refined and flexible pricing strategies set to evolve further, with the possibility of nonlinear growth delinking the linear relationship between the revenue growth and the global employee headcount.

New Initiatives for Sustained Growth

Hexaware's leadership works closely with the clients to enable anticipation of the changes in economic climate and business trends to respond with strategies that drive your Company forward. Planning Sessions and Brainstorming discussions are conducted at multiple levels periodically to chart out future direction, as also track the progress made in the vital initiatives planned earlier.

Through dedicated in-house Centers of Excellence (CoEs) and Advanced Solution Groups (ASGs), your Company incubates new practices in-house till they are ready to be launched to clients. Current industry trends highlight themes like Mobility Solutions, Cloud as a Platform, Social Media Analytics and more. Your Company is focused on developing solutions and models to seamlessly fit these into the traditional IT landscape and offer greater value with tangible benefits to the clients and prospects. Since your Company foresees increased adoption of Cloud by its customers in the medium term, your Company launched CloudView which hosts a suite of services using Cloud as a platform and on a non-linear commercial model.

Your Company is now strengthening its industry-specific; domain-intensive service offering in the Business Intelligence and Analytics (BA/ BI) and Quality Assurance and Testing (QATS) space. Likewise, our Enterprise Solutions competence is beginning to grow beyond PeopleSoft particularly into Oracle E-Business with successful closure of several deals in APAC market and SAP in the western world.

These new initiatives will branch out more areas of excellence and carry forward the 2011 momentum well into the future.

Economic and Business Mix/ New Geos/ Service Offerings

Over the last couple of years, North America has historically been the spearhead of growth for your Company and most of our business originated in Americas in 2011 also. Heightened effort to build momentum into other markets started delivering results with relative growth in European share of business, while our United States revenues still continue to impress in sustaining the growth momentum. Your Company streamlined strong account management and cross-selling practices for its top customers across both US and Europe. Importantly, your Company's customer base and deal pipeline continue to remain very healthy in spite of the overhang of the global economy and we continue to stay optimistic over the American market as well as the increased contributions from both Europe and APAC in 2012. Thus we plan to increase our presence in Germany and the UK, bolster our strengths in Mexico and devise entry plan for South America, as well as enhance visibility in India and Australia in the months to come.

Your Company continues to foresee market trends, and evaluate its core competencies vis-à-vis anticipated areas of growth:

- Our top clients continue to stay strong and stable and have continued to give us strong growth. The fact that our business now comes from fairly broad-based set of customers gets reflected in increasing list of 20 million plus customers that your Company reports.
- Your Company's BFS practice remains robust, particularly in the capital market and market developments in emerging avenues such as enterprise data management has resulted in a rich pipeline. Launch of 'Healthcare & Insurance' as a separate vertical has been performed keeping in mind more America– centric offerings in the Healthcare space. Some of those domain related offerings include ICD 9 to 10, HIPAA 5010 which helps your Company enter into a new market segment with a head start.
- Year 2011 witnessed rapid surge in growth for Remote Infrastructure Management (RIMS) – many of the large deals signed by your Company have a significant component of this service line. Similarly Cloud computing is a priority in mind share of most CIOs, so there are multiple activities happening in the Cloud area – furthering future growth opportunities in 2012.
- Support and maintenance activities account for a major share of revenues across ERP and other technologies, so we have a highly sustainable base business proposition year-on-year. PeopleSoft practice being our leading driver in client acquisition and growth; the fact that PeopleSoft 9.1 is being implemented and embraced by the customers clearly illustrates our competitive edge in penetrating new clients. While PeopleSoft is our predominant platform for differentiation, we now have several wins across other ERP solutions including Oracle and SAP.

B. Strengths:

Strengths in the Focus Areas

Your Company often draws attention of industry analysts for its ability to efficiently execute and manage complex engagements in face of competition from the scale players in the industry in the chosen areas of strength. This, with a high share of repeat business is a strong testimony of the ability of your Company to bring in expertise and business acumen across its key spheres of choice and operation. Your Company still continues to be market leader especially in the Asset Management (Buy Side) segment of Capital Markets in the US within the larger Banking & Financial Services & in the Airlines segment within the larger Global Travel and Transportation in general. Similarly, your Company is well regarded as the Industry Leader for PeopleSoft Services (ERP Services) globally. Your Company has developed several Intellectual Property assets, proprietary tools and frameworks which demonstrate thought leadership, differentiated approach when compared with competitors and a strong ability to add value to the clients. Hence, your Company's future growth would still reflect focus, rather than being an all-encompassing "IT shop".

Delivery and Operations

With innovative and flexible delivery models, the customers get to choose any specific service offering along with their preferred execution model from an assortment of solutions made available to them by your Company after a rigorous cost-benefit analysis. With economies of scale as well as better executive attention with the key client relationships, your Company leverages its global delivery model to deliver quality solutions. One example to demonstrate this would be your Company's shared services delivery model. This execution model can be staffed by employees from different global locations even cutting across multiple skill sets enabling your Company to perform the set of tasks so that the client can directly relate their payout with the actual volume of work – thus eliminating fixed costs and minimizing overheads.

At the end of the year 2011, your Company has 8,317 employees working out of 7 Development Centers, with field presence in 20+ countries and serving clients across many nations globally. Your Company has attained several Quality and Process compliance certifications this year, like ISO 9001:2008 re-certifications for its Mexico and India facilities, ISO 27001:2005 for US offices and successfully assessed for SAS70 Type-2 Assessment at an enterprise-level.

The technical utilization this year has been 71.1% - keeping the flexibility to cater to client requirements and demonstrating the agility to fulfill requirements from the resource pool maintained in 2011. This further illustrates our focus on training and development and our ability to effectively deploy our personnel globally at short notice. Your Company believes in concept of continuous improvements being a never-ending aspect of service delivery – thus there still remains a scope for bettering operational metrics and adding greater value to the clients in the coming years.

Your Company had made investments several years back in acquiring land in SEZ approved campuses and it is keeping the Company in good stead today. Most of the employee addition was done in Chennai with the green campus in Chennai SEZ expanding through 2011. The Company has only constructed less than half of the 27-acres owned in Chennai and the entire facility once fully developed can accommodate between 12,000–14,000 employees. The SEZ approved 25-acre Campus Land in Pune and 20-acre

Campus in Nagpur enables your Company to focus solely on driving business growth without being constrained by the availability of physical infrastructure and the increasing rental expenses in different cities in India.

Existing and New Clients

Your Company has an impressive client roster with several marquee clients spread across diverse geographies in US, Europe and Asia Pacific region. Your Company now has 192 active clients including 52 Fortune 500/ Global 500 corporations setting the base for healthy revenue growth going forward. The current client roster also includes 52 USD million+ clients indicating the depth of relationships with the client. Having crossed USD 1 million of annual revenues, your Company is well poised to leverage its relationship to mine these accounts better and grow further. The mainstay of the engagements still remains the core areas of strength such as ERP; BI/ BA, Testing and vertical/ domain related services through Application Development and Maintenance Services. With the growth evidenced and the traction seen in the Remote IMS horizontal, the newest horizontal would continue to deliver healthy growth and solidify the base for recurring revenue streams with higher presence in offshore. While the business vertical presence is still dominated by financial services companies and airlines, your Company is beginning to make impressive headway in emerging segments such as healthcare & insurance and manufacturing. The long list of satisfied clients has further enabled your Company to leverage them for referencing, pursuing newer opportunities and signing larger contracts.

Your Company takes pride with the successful closure of multiple large deals signed over the last six quarters. All of them were with existing clients, some of whom have a working relationship with several vendors. Your Company thus pitched against many scale players both Indian as well as MNC and won these deals creditably.

While repeat business forms backbone in this Industry, it constitutes a healthy 94.1% of total revenues in 2011, the dedicated 'hunting' teams that have contributed well to ensure a steady stream of 10-12 new client wins every quarter.

Preferred Employers

Your Company has added 1,806 new Hexawarians during the year 2011 – 591 of them fresh engineers hired from various Engineering Colleges/ Campuses.

To capitalize on the opportunities in the market place and to add value to the clients, your Company intends to induct a net addition of 1,500 personnel during 2012.

Your Company believes one of the biggest assets of the Company is its rich human capital. Hence, the Company expends serious thought behind the hiring programs so that the right personnel addition happens at the right time. Your Company has structured campaigns targeted to bring in best talent in India and abroad. Further, the Company is focused on increasing the extent of employee engagement to ensure higher levels of employee morale and keep the attrition at the lowest ebb.

Over the last several years, Hexaware has been consistently ranked amongst the top 20 "Best IT Employers" in the DQ IDC Survey. Your Company creates several opportunities for the employees to contribute to global knowledge economy by hiring, grooming, training and nurturing them over time. Your company has seen attrition steadily go down in 2011 – mainly due to better growth opportunities in the Company, higher employee engagement and better quality of work and an employee-friendly culture.

5. Business Outlook

Qualitative

2011 marked many watershed events for your Company – your Company registered industry-leading Y-o-Y revenue growth, improvement across several financial metrics such as improved profitability margins across all the levels – gross margins, operating margins and net income (Profit after Tax margins) and sustained levels of low Days' Sales Outstanding (DSO). From an operations standpoint, it was a particularly strong year as critical metrics that define the health of the business improved such as increased offshore revenue mix, incremental addition of freshers, higher realization at both onsite and at offshore, steady utilization at comfortable levels and impressive client wins through the year 2011. Your Company had several large deal wins and string of new client wins across all the four quarters during 2011. All this was achieved in what was a tough environment due to sovereign crisis in Europe and the overhang of the gradual revival in the US markets – two of our largest geographies.

The year 2012 begins with growth expectations centered on bringing operational efficiencies to a large segment of the client segment and driving transformation for another segment of the clients. In the sectors which are still under the impact of the difficult macro-economic conditions, cost reduction remains an important lever for some customers in their Business As Usual (BAU) operations. All these developments in the market place give your Company a chance to continue on the growth momentum and continue to deliver impressive performances going forward. Your Company sees more opportunity in the market place with more element of offshoring in client spending.

While the key focus would continue to remain in technologies such as Enterprise Solutions especially PeopleSoft and increasingly SAP and Oracle E-Business, Business Intelligence and Testing and BPO, 2012 is likely to see your Company achieve noteworthy growth in most of these chosen horizontal service areas particularly in the high growth BA/ BI and Remote Infrastructure Management Services.

While your Company's key revenues are still likely to be from BFS and Travel & Transportation vertical as earlier, our new initiatives such as launch of Capital Markets business in the Europe region is likely to see more growth come from the same vertical but from a different region and diversified base of clients across geographies. With the newly launched vertical, the focus would be to continue to invest in the competencies to launch relevant point solutions in the Healthcare vertical and develop a greater footprint in the US market before the global launch of this vertical. Likewise, we continue to strengthen our presence in Mexico with entry plans for South America. In APAC markets, we see SAP & Oracle E-Business as a growth engine both from ERP business as well as from Business Intelligence/ Business Analytics business perspective this year, and look to further bolster our presence in India and Australia.

The Executive Management team of your Company is confident of steering your Company through continuing on the path of sustained profitable growth following the impressive performance over the last 6 quarters.

Quantitative

Your Company has indicated that revenue outlook for 2012 is expected to be at least $ 370 million; a YoY growth rate of a minimum 20% over 2011. With several large deals in the pipeline and a strong foundation of confirmed business based on the deals signed in 2010–2011, your Company expects to grow well ahead of the estimated industry growth of 11%-14%.

Beyond the revenue line, your Company is working towards strengthening multiple business metrics in terms of client mix, share of revenues from new client wins, driving growth across all the geographies, setting the foundation for a healthy revenue share of various existing and emerging practices and verticals and continuing with the emphasis laid on the profitability related operational metrics.

From a revenue standpoint, the Company has given guidance for Q1 2012 of 4% q-o-q growth. This would imply that the Company expects to deliver a steady performance across all the four quarters through the year.

Further, your Company has re-iterated confidence in maintaining or even improving operating margins for the year 2012 from our Q4'11 levels on a constant currency basis.

6. Risks and Risk Management

Risk-reward dynamics are integral to any strategy and applicable to all the enterprises globally, where susceptibility is based on perceived macro-economic climate, business risks unique to each industry and operational risk in conducting business. Likewise for an IT/ ITeS company, your Company is a part of a sector that has dependence on offshoring, currency fluctuations, technology risks among others. Your Company has in its canvass many stakeholders including clients, partners, vendors and its 8,317 employees who stand to benefit directly from various risk-mitigation practices initiated by the professional leadership.

Risk Management Framework

The Board of Directors at Hexaware formulates policies and procedures for mitigating risks, compliance to which is affirmed by the Global CEO & Chief Financial Officer of your Company after consultation with all business units, functions and department heads. In 2011, your Company has carved out a dedicated Risk Management team headed by an Associate Vice-President closely monitored by the multiple C-Level executives for timely action against all types of risks perceived.

Various types of risks analyzed are discussed below:

(i) Revenue Concentration Risks

a. Geography

The America region continues to be the largest geography for your Company with nearly two-thirds of total revenues coming from the United States. This only corroborates the global IT industry pattern - the largest corporates and the biggest consumers of IT Services are generally being based out of North America. Although the financial services slowdown has been an overhang on the global economy, your Company has taken numerous initiatives including launch of services in newer market segments to tide over the potentially tricky times. The global economic dynamics has affected the exchange rates sharply but the recent changes in the exchange rates have only moved to increase our competitive position vis-à-vis other nations.

For Hexaware, in spite of current Eurozone crisis, Europe as a market place provided healthy traction during the year gone by and appears to present itself as a significant growth opportunity for the year ahead – Europe contributed 28.1% of Company Revenue in 2011 – up from 26.6% the previous year. Your Company has added several new clients and signed multiple large deals in EU. Since clients tend to increase offshoring spend to achieve cost-efficiencies during troubled economic times, your Company continues to remain optimistic of growth prospects and business climate from this region in 2012.

The geographical distribution of your Company's global revenues is shown below in % terms:

	2011	2010
Revenue Share by Geography	In % terms	In % terms
Americas	65.3	67.9
Europe	28.1	26.6
Asia Pacific	6.6	5.5
Global Total	100.0	100.0

From a geography viewpoint, your Company has identified Germany as a market place to invest and grow in Europe mainland. Hexaware has a strong presence in Germany through several marquee clients with a long history. The intent is to leverage the references of these existing marquee names to win new business from both existing clients as well as new prospects over the medium term.

In order to increase the scale of operations in the Asia Pacific region, your Company has decided to increase its focus and generate greater share of revenues from two main markets – Australia and India. This would imply additional investments in these two regions to help drive business momentum originating from these two markets with immense growth potential.

Based on the current client visibility as well as pursuit of new logos, your Company expects its revenue share to be a healthy mix with substantial volume growth coming from all the three geographies and incremental share of gains from Europe and APAC regions.

b. Clients

Your Company currently boasts of 192 active clients, of which 52 clients contributed $ 1 million or more in revenues on a trailing twelve month basis. The top 10 clients accounted for 52% of total revenues and your Company added 51 new clients in 2011. Your Company's complete clients' list includes 52 Fortune 500/ Global 500 logos.

Hexaware is not just known for its number of clients, but also the type of clients it services. The quality of client roster can be assessed through the Fortune/ Global 500 list as well as the depth of relationships with existing clients through $ 1 million plus revenues. The key differentiator for the future growth prospects is the breadth and depth of customer relationships and our focus would be to continue to strengthen the extent of strategic partnership with existing customers. As a testimony to the strong client relationships and exemplary execution, your Company generated about 94.1% of revenues from its existing clients, through client references, cross-selling newer services to existing clients, superior account mining, and cordial relationships with senior client executives, of course backed by maintaining excellent standards in service delivery operations.

Your Company signed 4 large multi-year deals in 2011, total Contract Value amounting to excess of $ 450 + million with its existing clients through these large deals and all indications point to high likelihood of sustained growth with existing customers.

	2011	2010
Active Clients	192	174
Clients added during the year	51	45
% revenues from #1 client	12.9%	9.0%
% revenues from top 5 clients	38.3%	35.1%
% revenues from top 10 clients	51.1%	48.0%
Clients that generate greater than $ 1 million	52	50
Clients that generate greater than $ 5 millions	12	11
Clients that generate greater than $ 10 millions	5	4
Clients that generate greater than $ 20 millions	3	2

c. Verticals

Over the last couple of years, your Company has firmly aligned its scope of operations along the vertical/ industry axis and horizontal or technology practices cutting across vertical lines. Plenty of management bandwidth and investment dollars has gone into this organization structure and making this matrix organization structure work. What it has now enabled is to strengthen the core competencies in the chosen micro-vertical segments by building capabilities around each sub-industry practice – be it through acquiring and retaining talent, winning client bids under competitive scenarios, assigning dedicated teams for execution of projects or creating centers of excellence for innovation. This grid structure is expected to provide the platform to grow further with the launch of newer sub-verticals or diversification into newer vertical segments in line with emerging industry trends.

Traditionally, your Company is renowned for its presence in leading Vertical – Banking and Financial Services (BFS) and in the Travel & Transportation space. In 2011, Insurance vertical branched out of BFSI and combined with Healthcare to derive maximum benefits through common themes and synergies to become the newly created 'Healthcare & Insurance' vertical. This vertical generated $ 40.2 million in revenues – i.e. 13.8% of total revenues in 2011. Travel & Transportation demonstrated strong performance on a year-on-year basis with revenue share increasing from 22.7% in 2010 to 23.2% this year.

The strategy of your Company is evident when the new vertical was launched recently. Hexaware has determined that the focus in the nascent vertical would be restricted to the US for the immediate future to be able to make a mark in the marketplace and then build the practice based on those references rather than spreading the limited resources too thin across multiple initiatives.

From a revenue concentration perspective, the share of revenues is shown below:

	2011	2010
Revenue Share by Verticals	In % terms	In % terms
Banking and Capital Markets	28.3%	30.2%
Travel & Transportation	23.2%	22.7%
Healthcare and Insurance	13.8%	14.0%
Emerging Segments	34.7%	33.1%
Global Total	100.0	100.0

d. Horizontals

The year 2011 was a strong year from a Horizontal Service Line perspective for all the focus Horizontals. For instance, the Enterprise Solutions (ERP) business at Hexaware registered impressive revenue growth numbers on a sequential Q-O-Q basis. Complementary to the growth in the ERP Services, Business Intelligence & Business Analytics also registered impressive growth well ahead of the growth rates registered by the Company.

In an attempt to fill an important void in your Company's service offerings, your Company had earlier launched Remote Infrastructure Management Services. In a short span of time, the horizontal service line has grown to a headcount in excess of 400 professionals. Further, this nascent practice now caters to nearly 20 clients and is expected to register healthy growth and emerge with 6%+ revenue share during 2012. Further, this service line tends to be heavily offshore oriented resulting in making the business mix healthier thereby increasing the share of annuity business as well as increasing the % share of the business delivered from offshore work locations.

In addition, there is an all-encompassing service line identified as Application Development and Maintenance which includes technology platforms including Microsoft Technologies, Web Technologies and certain instances of Legacy Technologies & approaches to Re-engineering and Modernization of such Legacy Platforms too.

The revenue split of the horizontal service lines for the year 2011 are:

	2011	2010
Revenue Share by Horizontals/ Technology Service Lines	In % Terms	In % terms
Enterprise Solutions	30.7%	27.8%
Quality Assurance & Testing Services	9.7%	8.8%
Business Intelligence & Business Analytics	10.0%	7.9%
Business Process Outsourcing	5.5%	6.7%
Infrastructure Management Services (IMS/ RIM)	4.5%	3.3%
Application Development and Maintenance	39.6%	45.5%
Global Total	100.0%	100.0%

(ii) Financial Risks

a) Foreign Currency Fluctuations

Foreign exchange fluctuations remain one of the more impactful risks in a Global business. The offshore part of our Revenue remains exposed to the risk of Rupee appreciation vs. the US Dollar, the Euro and other foreign currencies, as the costs we incur are in Indian Rupees and the Revenue & inflows are in foreign currencies.

Furthermore, the contracts we enter into with our customers tend to run across several years and it is very difficult to approach a customer in the middle of the contract to ask for a rate increase due to Rupee appreciation. Hence, to safeguard our profitability, we need to hedge our future contracted/ forecasted inflows, so that we are not negatively affected in case Rupee appreciates.

Foreign Exchange markets continue to be volatile and have demonstrated stark movements in both directions over the last few years. The Forex Policy authorized by the Forex Committee of the Board takes these realities into account and authorizes hedging for a period of up to three years. The hedging ratio assigned to the exposures depend on the time horizon in which they fall, the near-term exposures get higher ratio whereas the farther exposures get lower ratio. This graded approach ensures that the ratios are spread across the hedge horizon in a tapered down manner.

As at December 31, 2011, the Company had hedges worth $ 181.3 million at an average rate of ₹ 48.30 and hedges worth € 9.4 million at an average exchange rate of ₹ 69.61 maturing over the course of the next eight quarters (from January 2012 till December 2013).

There are also risks in operational management of the Foreign Exchange. These risks have been effectively addressed by the processes and controls laid out in the Forex Policy. While we have diligently followed the processes & controls laid down, given the high-risk perception, your Company has prudently adopted a practice of getting Foreign Exchange operations audited every year by KPMG, our internal auditor. The last audit was done for the period July 2010 to June 2011 and the controls were found to be operating satisfactorily.

b) Liquidity

By adopting effective receivable management system, liquidity of your Company has improved every year. The Days' Sales Outstanding (DSO) of your Company stood at 62 days as on December 31, 2011. This compares favorably with most other companies in the IT industry. The cash and cash equivalent balances accounted for 32% of your Company's assets at the end of the year.

(iii) Legal and Contractual Compliance

Your Company is providing services to the clients across the globe and in that process the local laws of the respective countries need to be complied with. At the time of entering into any business with any Client, the agreement/ contract is thoroughly reviewed and analyzed by a cross-functional Contract Review team and the risk involved pertaining to that particular agreement/ contract is approved by the Senior Management. The operational teams spread across the globe are made aware of the compliance related issues to adhere to all contractual commitments.

(iv) Disaster Risk

In the event of force majeure, the work may get hampered or the potential loss of information from the computers is a risk and may affect the client. To mitigate this, your Company has well defined Business Continuity Plan (BCP) and has achieved milestones in Information Security with successful completion of the certification audit and recommendation for certification against ISO 27001 standards for Chennai, Mumbai, Pune, and Mexico development centers by TUV SUD South Asia and for US development center by UL Management Systems Solutions India Pvt Ltd. The objectives of adhering to these standards are to ensure business continuity and mitigate the damage by preventing and minimizing the impact of security incidence.

7. Internal Control Systems

Your Company's objective with regard to internal control and their adequacy has been to safeguard the assets and interest of your Company and with proper policies & procedures and checks & balances to bring in discipline in day-to-day functions and to determine the accuracy and reliability of data.

Your Company has set up a Risk Management Committee comprising of 4 senior C-Level executives. In addition, the Audit Committee has appointed KPMG as the Internal Auditors of the Company. The Internal Audit helps to ensure that the systems and processes are implemented with adequate internal controls and assets are safeguarded.

Financial Highlights – Consolidated Financial Statements

8. Balance Sheet Movements

a) Share Capital

The paid-up Share Capital of your Company as on December 31, 2011 was ₹ 586.72 million comprising of 293,358,428 Equity Shares of ₹ 2/- each.

During the year 145,545,781 shares were allotted under bonus issue in the ratio of 1:1 and 2,611,667 shares under ESOP under different schemes.

b) Reserves and Surplus

Your Company's global reserves (excluding hedging reserve account) increased by 16.6% to ₹ 10,610.96 million from ₹ 9,103.44 million in the previous year on account of the profit generated during the year.

Since your Company adopted the principles set out in the Accounting Standard AS 30 "Financial Instruments: Recognition and Measurement", your Company has created hedging reserve, which amounted to loss of ₹ 1,035.85 million (Previous year profit of ₹ 259.77 million) for hedge transactions. This was due to the steep depreciation of the Rupee in the last four months of the year.

c) Fixed Assets

During the year, the additions to fixed assets were at ₹ 889.92 million. The primary reasons for addition to fixed assets are (i) making new unit operational at SEZ Campus at Siruseri in Chennai during the year amounting to ₹ 698.1 million and (ii) the balance for computers and other capital assets for current operations.

Capital work-in-progress (CWIP) has reduced to ₹ 813.38 million from ₹ 968.95 million mainly on account of capitalization of new units at the SEZ Campus at Siruseri in Chennai. The Company has made contractual commitment to vendors who are executing various infrastructure projects. The estimated amount of such contracts remaining to be executed on capital account and not provided for (net of advances) was ₹ 264.89 million as on December 31, 2011 (₹ 198.94 million as on December 31, 2010).

d) Investments

During the year, the Company has withdrawn substantial portion of its investments from Mutual funds and invested it in Fixed Deposit with Banks.

e) Sundry Debtors

During the year, sundry debtors have increased to ₹ 2,992.99 million as against ₹ 1,919.04 million in the previous year. As at the year ended December 31, 2011, your Company has provisioning of ₹ 33.39 million for the doubtful debtors as against ₹ 59.77 million of the previous year. The Days' Sales Outstanding (DSO) of your Company has more or less been range bound around 60 +/- 3 days and stands at 62 days as on December 31, 2011. This compares favorably with most other companies in the IT industry.

f) Cash and Cash Equivalents

The Company had cash and bank balance of ₹ 4,377.19 million as on December 31, 2011 (₹ 4,355.74 million as on December 31, 2010). The balances with scheduled banks aggregated ₹ 3,991.79 million (₹ 3,955.58 million as on December 31, 2010). The balances with banks abroad were ₹ 385.33 million (₹ 399.93 million as on December 31, 2010). The cash and bank balance have increased marginally during the year.

g) Deferred Tax Assets and Deferred Tax Liability

Your Company accounts for deferred tax in compliance with the Accounting Standard issued by the Institute of Chartered Accountants of India. Your Company has recognized the deferred tax asset of ₹ 194.53 million (₹ 181.79 million in 2010) and your Company recognized ₹ 32.41 million as deferred tax liability (₹ 13.23 million in 2010).

h) Current Liabilities and Provisions

During the year, the current liability and provisions have increased to ₹ 4,330.81 million as against ₹ 2,784.52 million in 2010, an increase of ₹ 1,546.29 million, which includes an increase in liability for derivative contracts amounting to ₹ 880.70 million. There is also an increase of ₹ 461.24 million in payables and other liabilities and increase of ₹ 104.26 million on account of proposed dividend and taxes and ₹ 82.22 million for provision for liability for employee benefit obligation.

9. Results of Global Operation (P&L)

a. Income from Operations

During the year, the revenue from operations grew by 37.55% to ₹ 14,505.12 million from ₹ 10,545.64 million in 2010, with a significant increase in offshore ratio. The growth in Dollar terms was 33.29%, reaching $ 308.11 million

Revenues from operations are basically segregated into onsite revenues and offshore revenues. The table below indicates the revenue split:

(in percentage)

Revenue by location	Yr-2011	Yr-2010
Onsite	56.1	60.3
Offshore	43.9	39.7
TOTAL	**100**	**100**

During the year, the billing rate for onsite was at US$ 72.40 per hour and offshore rate was at US$ 22.70 per hour. The blended utilization was at 71.1%.

b. Other Income

During the year, global other income was reported at ₹ 482.10 million as compared to ₹ 554.56 million in the previous year, last year being high due to the ₹ 190.72 million profit on sale of surplus asset.

Dividend income from Mutual Fund investment was ₹ 76.01 million as compared to ₹ 37.15 million in previous year.

Increase in interest income to ₹ 325.52 million from ₹ 242.81 million mainly on account of interest on fixed deposit during the year.

c. Expenses

Software Development Expenses

During the year, your Company's Software Development expenses increased to ₹ 2,098.22 million compared to ₹ 1,530.58 million in 2010, an increase of 37.09%. The increase was attributed largely on account of increase in outsourcing and subcontracting charges and marginal increase in onsite travel and related expenses, in line with revenue growth.

Employment Expenses

Your Company's Employment expenses increased to ₹ 8,210.27 million in 2011 from ₹ 6,754.88 million in 2010, an increase of 21.55%. As a percentage of income from operations, employment expenses reduced to 56.60% for the year 2011 from 64.05% for the year 2010. Increase in cost is mainly on account of increase in employee count to 8,317 nos. as on December 31, 2011 from 6,511 nos. at the beginning of the year, a net addition of 1,806 employees, and also salary increments given during the year comparable with most in IT industry.

Administration and other Expenses

Your Company's Administration expenses increased to ₹ 1,581.69 million in 2011 from ₹ 1,354.69 million in 2010, an increase of 16.76%. As a percentage of income, administrative and other expenses decreased to 10.90% for the year 2011 from 12.85% in the year 2010. This is largely driven by consolidation of facilities in some of our operating centers and benefits derived from economies of scale due to higher growth rates in business volumes.

10. Operating margin

Global Operating profit (EBIT) before foreign exchange gain/ loss stood at ₹ 2,367.91 million in 2011 as against ₹ 663.17 million in the year 2010.

11. Interest

Interest cost has reduced to ₹ 21.49 million in 2011 from ₹ 26.04 million in the previous year.

12. Depreciation

During the year, depreciation has increased to ₹ 247.03 million from ₹ 242.32 million in the year 2010.

13. Exceptional Item

There was no exceptional item this year (₹ 224.08 million) last year.

14. Profit before Tax

The Profit before Tax in the current year (including Exceptional item) was ₹ 3,076.78 million, substantially higher than ₹ 1,168.22 million in the previous year.

15. Provision for Taxation

During the year, the provision for taxation is at ₹ 406.51 million compared to ₹ 92.33 million in the previous year. Increase in tax outgo is mainly on account of taxes paid on profits earned in Software Technology Park (STPI) units in India, which were exempt in the previous year.

16. Profit after Tax

The net profit for the year 2011 is at ₹ 2,670.27 million as against ₹ 1,075.89 million for the year 2010. The profit after tax margin for year 2011 increased 820 basis points compared to the achievement in 2010 to 18.4%.

17. Dividend

During the year 2011, your Company paid interim dividend on a quarterly basis aggregating to ₹ 2.50/- per share (125%) on equity shares aggregating to ₹ 732.81 million (not including dividend distribution tax) and ₹ 850.90 million including dividend distribution tax.

The Board of Directors has recommended a payment of final dividend of ₹ 1.50 per share (75%) on an equity share of ₹ 2/- each, at its meeting held on February 2, 2012. Thus, the total dividend for the year inclusive of interim dividend and the recommended final dividend would amount to ₹ 4 per share (200%) on equity shares, once approved by shareholders at the AGM.

The total cash outgo on account of interim dividend and final dividend & tax thereon amounts to ₹ 1,362.33 million. The break up of dividend is as under:

(₹ Million)

	Q1	Q2	Q3	Final	Total
Dividend	146.38	293.07	293.36	440.04	1,172.85
Tax	22.96	47.54	47.59	71.39	189.48
TOTAL	**169.34**	**340.61**	**340.95**	**511.43**	**1,362.33**

18. Transaction in which the Management is interested in their personal capacity

During the year 2011, there are no materially significant related party transactions entered into with the management that may have potential conflict with the interest of your Company. For detailed discussion, refer note No. 5 of Part 12B in Notes to Hexaware Technologies Limited India Accounts on Page No. 124.

19. Material development in HR/ Industrial Relation front, including number of Employees

In the year 2011, HR's focus was on improving employee engagement, reducing employee attrition, expediting HR automation and enhancing operational efficiency. In HR automation, on-boarding, attendance and leave management; employee movement and off boarding were automated successfully. HR Business Partners improved the morale and increased the confidence in the employees by conducting various employee engagement activities like Mentoring Program for Trainees, Employee Welfare Programs, Recognition Programs, Career Management and helping employees achieve a work life balance, encouraging the employees to discover and nurture other talents like music, dance, writing and such. HR also increased activities under the banner of "Hexacare" by introducing various programs like medical check-ups, health & wellness and spiritual awareness for the employees.

The organization development team implemented the fast tracker program and conducted leadership development program for the Management team. As a result of all the initiatives undertaken in 2011, the employee attrition dropped below 15% in Q3 2011 and further declined below 14% in Q4 2011. As on December 31, 2011, your Company's employee strength stood at 8,317. At the start of the year, your Company had provided an outlook of net addition of 1,500+ employees and ended the year with an actual addition in excess of 1,800+ employees.

Cautionary Statement

Statements in this Management Discussion and Analysis describing your Company's objectives, projections, estimates and expectations, may be 'forward looking statements' and are within the meaning of the applicable laws and regulations. Actual results might differ substantially or materially from those expressed and implied. Important development that could affect your Company's operations include a downtrend in the international market, fall in business confidence and climate and significant changes in political and economic environment, environment standards, tax laws, litigations and labor relations.

For and on behalf of the Board

Atul K. Nishar

Chairman

Place : Mumbai

Date : February 2, 2012

Auditors' Report

To the Board of Directors of Hexaware Technologies Limited

1. We have audited the attached Consolidated Balance Sheet of Hexaware Technologies Limited ("the Company") and its subsidiaries ("the Group"), as at December 31, 2011, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. These consolidated financial statements are the responsibility of the Company's management and have been prepared on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standard generally accepted in India. This standard requires that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of ₹ 948.23 million as at December 31, 2011, total revenues of ₹ 2,187.00 million and net cash inflows amounting to ₹ 588.63 million for the year ended on that date as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries is based solely on the report of other auditors.
4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, 'Consolidated Financial Statements', as notified under the Companies (Accounting Standard) Rules, 2006.
5. Based on our audit and on consideration of the separate audit reports on the individual financial statements of the Company and its subsidiaries, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
   a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at December 31, 2011;
   b) in the case of the Consolidated Profit and Loss Account, of the profits of the Group for the year ended on that date; and
   c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For Deloitte Haskins & Sells
Chartered Accountants
[Firm Registration No.: 117366W]

R. D. Kamat
Partner
Membership No. 36822

Mumbai, February 2, 2012

Consolidated Balance Sheet as at 31st December 2011

(₹ Million)

Particulars	Schedule	As at 31st December '11		As at 31st December '10	
SOURCES OF FUNDS					
SHAREHOLDERS' FUNDS					
a) Share Capital	"1"	586.72		290.40	
b) Share Warrants (Refer Note No. 7(a) of Schedule 13B)		-		0.00	
c) Share Application Money		-		1.09	
d) Reserves and Surplus	"2"	9,575.11		9,363.21	
			10,161.83		9,654.70
LOAN FUNDS	"3"				
Secured Loans			-		111.76
DEFERRED TAX LIABILITY (Refer Note No. 5(c) of Schedule 13B)			32.41		13.23
TOTAL			**10,194.24**		**9,779.69**
APPLICATION OF FUNDS					
FIXED ASSETS	"4"				
a) Gross Block		5,668.97		4,628.94	
b) Less: Depreciation and amortization		1,697.20		1,519.49	
c) Net Block		3,971.77		3,109.45	
d) Capital Work-in-Progress		813.38		968.95	
			4,785.15		4,078.40
INVESTMENTS	"5"		228.77		397.07
DEFERRED TAX ASSET (Refer Note No. 5(c) of Schedule 13B)			194.53		181.79
CURRENT ASSETS, LOANS AND ADVANCES	"6"				
a) Sundry Debtors		2,992.99		1,919.04	
b) Cash and Bank Balances		4,377.19		4,355.74	
c) Loans and Advances		1,272.41		975.54	
d) Other Current Assets		674.01		656.63	
		9,316.60		7,906.95	
Less :					
CURRENT LIABILITIES AND PROVISIONS :	"7"				
a) Current Liabilities		2,891.18		1,475.16	
b) Provisions		1,439.63		1,309.36	
		4,330.81		2,784.52	
NET CURRENT ASSETS			4,985.79		5,122.43
TOTAL			**10,194.24**		**9,779.69**
Significant Accounting Policies and Notes Forming Part of Accounts	"13"				

Schedules 1 to 13 form an integral part of the accounts
In terms of our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants

R. D. Kamat
Partner

For and on behalf of the Board

Atul K. Nishar
(Chairman)

P. R. Chandrasekar
(Vice Chairman & Global CEO)

R. V. Ramanan
(Executive Director and President – Global Delivery)

L. S. Sarma
(Director)

Shailesh Haribhakti
(Director)

Preeti Mehta
(Director)

S. Doreswamy
(Director)

Bharat Shah
(Director)

S. K. Mitra
(Director)

Ashish Dhawan
(Director)

Abhay Havaldar
(Director)

Place : Mumbai
Date : February 2, 2012

Prateek Aggarwal
(Chief Financial Officer)

Gunjan Methi
(Company Secretary)

Consolidated Profit and Loss Account for the Year ended 31st December 2011

(₹ Million)

Particulars	Schedule	For the year ended 31st December '11		For the year ended 31st December '10	
INCOME					
Software and Consultancy		14,505.12		10,545.64	
Other Income	"8"	482.10		554.56	
			14,987.22		11,100.20
EXPENDITURE					
Software and Development Expenses	"9"	2,098.22		1,530.58	
Employment Expenses	"10"	8,210.27		6,754.88	
Administration and Other Expenses	"11"	1,581.69		1,354.69	
Exchange Rate difference (net)		(248.26)		247.55	
Interest	"12"	21.49		26.04	
Depreciation and amortization	"4"	247.03		242.32	
			11,910.44		10,156.06
PROFIT BEFORE TAX AND EXCEPTIONAL ITEM			3,076.78		944.14
Add : Exceptional Item (Refer Note No. 15 of Schedule 13B)			-		224.08
PROFIT BEFORE TAX			**3,076.78**		**1,168.22**
Less : Provision For Taxation					
- Income Tax - Current Taxes		650.70		234.24	
- Deferred Taxes		37.03		(62.94)	
- MAT Credit Entitlement (Refer Note No. 5(b) of Schedule 13B)		(282.72)		(84.71)	
- Fringe Benefit Tax		-		(1.12)	
- Wealth Tax (Including for prior years ₹ Nil (₹ 1.96 million)		1.50		6.86	
			406.51		92.33
PROFIT AFTER TAX			**2,670.27**		**1,075.89**
Add : Balance brought forward from Previous Year			3,207.36		2,890.02
BALANCE AVAILABLE FOR APPROPRIATION			5,877.63		3,965.91
APPROPRIATIONS					
Interim Dividend - Equity		732.81		232.50	
Proposed Dividend - Equity		440.04		203.99	
Corporate Dividend Tax		189.48		72.06	
Transfer to General Reserve		351.51		250.00	
			1,713.84		758.55
BALANCE CARRIED TO BALANCE SHEET			**4,163.79**		**3,207.36**
Earnings Per Share (in ₹) (Refer Note No. 10 of Schedule 13B)					
Before exceptional item					
Basic			9.13		2.95
Diluted			8.92		2.87
After exceptional item					
Basic			9.13		3.72
Diluted			8.92		3.62
Face value of equity share (in ₹)			2.00		2.00
Significant Accounting Policies and Notes Forming Part of Accounts	"13"				

Schedules 1 to 13 form an integral part of the accounts
In terms of our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants

R. D. Kamat
Partner

Place : Mumbai
Date : February 2, 2012

For and on behalf of the Board

Atul K. Nishar
(Chairman)

P. R. Chandrasekar
(Vice Chairman & Global CEO)

R. V. Ramanan
(Executive Director and President – Global Delivery)

L. S. Sarma
(Director)

Shailesh Haribhakti
(Director)

Preeti Mehta
(Director)

S. Doreswamy
(Director)

Bharat Shah
(Director)

S. K. Mitra
(Director)

Ashish Dhawan
(Director)

Abhay Havaldar
(Director)

Prateek Aggarwal
(Chief Financial Officer)

Gunjan Methi
(Company Secretary)

Consolidated Cash Flow Statement for the Year ended 31st December 2011

(₹ Million)

	Particulars	For the year		Previous year
A	**CASH FLOW FROM OPERATING ACTIVITIES**			
	Net Profit before tax	3,076.78		1,168.22
	Adjustments for:			
	Depreciation, amortization and Impairment	247.03		242.32
	Employees share based payment cost	2.24		6.61
	Interest Income	(325.52)		(242.81)
	Provision for doubtful accounts (net)	(91.54)		(73.22)
	Dividend from current investments	(76.01)		(37.15)
	Loss on sale of Investments	0.39		0.00
	(Profit)/Loss on sale of fixed assets (Net)	(0.71)		(189.90)
	Exceptional item (Refer note no. 4 below)	-		(248.38)
	Deferred cancellation (loss)/gains relating to roll-over cash flow hedges	(308.57)		107.21
	Exchange Rate Difference	80.65		(12.25)
	Interest Expense	21.49		26.04
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	**2,626.23**		**746.69**
	Adjustments for:			
	Trade and other receivables	(779.36)		(633.13)
	Trade and other payables	201.39		143.74
	CASH GENERATED FROM OPERATIONS	**2,048.26**		**257.30**
	Direct Taxes Paid	(634.87)		(135.02)
	NET CASH FROM OPERATING ACTIVITIES		**1,413.39**	**122.28**
B	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Purchase of fixed assets	(632.99)		(340.34)
	Proceeds from sale of fixed assets (net of tax ₹ Nil (₹ 61.35 million)) (Refer note no. 4 below)	3.80		882.56
	Interest received (Net of tax ₹ 64.60 (₹ 47.00 million)	210.55		230.32
	Purchase of Current Investments	(12,712.63)		(20,019.94)
	Proceeds from Sale of Investments	12,880.53		20,891.99
	Dividend from current investments	76.01		37.15
	NET CASH (USED IN)/FROM INVESTING ACTIVITIES		**(174.73)**	**1,681.74**
C	**CASH FLOW FROM FINANCING ACTIVITIES**			
	Proceeds from issue of share capital	38.39		32.80
	Share Application money (Adjusted)/received	(1.09)		(0.79)
	Interest and other finance charges paid	(21.88)		(26.19)
	Proceeds from Short term borrowings from bank	1,125.41		890.05
	Repayment of Short term borrowing from bank	(1,210.96)		(892.19)
	Dividend paid (including corporate dividend tax)	(1,242.59)		(232.86)
	Repayments of long term and other borrowings	(126.66)		(45.86)
	NET CASH USED IN FINANCING ACTIVITIES		**(1,439.38)**	**(275.04)**
	NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS (NET OF EXCEPTIONAL ITEM)		**(200.72)**	**1,528.98**
	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**4,362.42**	**2,833.44**
	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**4,161.70**	**4,362.42**

Notes:

1. Cash and Cash equivalents included in the Cash flow statement comprise the following:

	For the year	Previous year
Cash and Bank Balances (including EEFC account balances)	4,377.19	4,355.74
(Less)/ Add: Effect of changes in Exchange rate in cash and cash equivalents	(93.63)	25.71
Less: Fixed Deposits under lien with Banks	(121.86)	(19.03)
TOTAL CASH AND CASH EQUIVALENTS	**4,161.70**	**4,362.42**

2. Components of cash and cash equivalents include cash and bank balances as stated in Schedule 6 of the Balance Sheet.
3. Purchase of Fixed Assets (including movements in Capital-work-in-progress) are considered as a part of investing activities.
4. a) Exceptional item is net of payments in the previous year.
   b) Includes profit on sale of surplus assets shown as exceptional item amounting to ₹ Nil (₹ 636.94 million)
5. The Cash Flow Statement has been prepared in accordance with the requirements of Accounting Standard 3 "Cash Flow Statement" (AS 3).
6. The previous year's figures have been regrouped wherever necessary.

In terms of our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants

R. D. Kamat
Partner

For and on behalf of the Board

Atul K. Nishar
Chairman

P. R. Chandrasekar
(Vice Chairman & Global CEO)

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S. K. Mitra
(Director)

Ashish Dhawan
(Director)

Abhay Havaldar
(Director)

Place : Mumbai
Date : February 2, 2012

Prateek Aggarwal
(Chief Financial Officer)

Gunjan Methi
(Company Secretary)

Schedules to Consolidated Balance Sheet

(₹ Million)

Particulars	As at 31st December '11	As at 31st December '10
SCHEDULE "1" - SHARE CAPITAL		
AUTHORISED		
325,000,000 (175,000,000) Equity Shares of ₹ 2/- each **	650.00	350.00
Nil (3,000,000) Preference Shares of ₹ 100/- each **	-	300.00
1,100,000 Series "A" Preference Shares of ₹ 1,421/- each *	1,563.10	1,563.10
* (Refer note II below)		
	2,213.10	2,213.10
ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		
EQUITY		
293,358,428 (145,200,980) Equity Shares of ₹ 2/- each fully paid.	586.72	290.40
NOTES: I) Of the above Equity Shares: 1) 11,134,625 Equity Shares of ₹ 2/- each have been allotted as fully paid up without receiving consideration in cash in accordance with the Composite scheme of Reconstruction and Arrangement. 2) 181,734,651 (36,188,870) Equity Shares of ₹ 2/- each have been allotted as fully paid up by way of Bonus Share by capitalisation of General Reserve/Securities Premium Account. # 3) 10,452,965 Equity Shares of ₹ 2/- each fully paid up have been allotted against Global Depository receipts issued by the Company. 4) 50,000,000 Equity Shares of ₹ 2/- each fully paid up issued to the Shareholders of erstwhile Hexaware Technologies Limited ('HTL') without receiving consideration in cash in accordance with the Composite scheme of Reconstruction and Arrangement. 5) 3,863,060 Equity Shares of ₹ 2/- each fully paid up have been allotted to employees under ESOP 1999. 6) 8,938,928 (8,711,340) Equity Shares of ₹ 2/- each fully paid up have been allotted to employees under ESOP 2002. 7) 10,555,700 Equity Shares of ₹ 2/- each fully paid up have been allotted against unregistered American Depository Receipts (ADR) issued by the Company on conversion of Series "A" Redeemable and/or optionally convertible Preference Shares at a premium of ₹ 140.10 each as per the terms of issue. 8) 3,194,034 (984,441) Equity Shares of ₹ 2/- each fully paid up have been allotted to employees under ESOP 2007. 9) 199,675 (25,189) Equity Shares of ₹ 2/- each fully paid up have been allotted to employees under ESOP 2008. Particulars of options on unissued share capital (Refer Note No. 7 of the Schedule 13B) II) Authorised Preference Share capital can be either cumulative or non cumulative with a power to the Company to convert the same into equity shares at any time.		
TOTAL	**586.72**	**290.40**

** Refer note no. 14(a) of Schedule 13B

Refer note no. 14(b) of Schedule 13B

Schedules to Consolidated Balance Sheet

(₹ Million)

Particulars	As at 31st December '11		As at 31st December '10	
SCHEDULE "2" - RESERVES AND SURPLUS				
SECURITIES PREMIUM ACCOUNT				
As per last Balance Sheet	4,773.61		4,725.56	
Add : Received during the year	33.17		30.08	
Add : Transfer from Employee Stock Option outstanding	6.14		17.97	
Less : Transferred to Share Capital Account consequent to issue of bonus shares (Refer Note No. 14(b) of Schedule 13B)	291.09		-	
		4,521.83		4,773.61
EMPLOYEE STOCK OPTIONS OUTSTANDING				
As per last Balance Sheet	15.79		31.51	
Add : Options granted during the year	-		2.25	
Less : Reversal on forfeiture of stock options granted	1.33		-	
Less : Transfer to Securities Premium Account on exercise of stock option	6.14		17.97	
	8.32		15.79	
Less : Deferred Employee Compensation Expense	1.44		5.01	
		6.88		10.78
GENERAL RESERVE				
As per last Balance Sheet	1,140.46		890.46	
Add : Transfer from Profit and Loss Account (In respect of Subsidiary Company ₹ 51.51 million (₹ 50 million))	351.51		250.00	
		1,491.97		1,140.46
HEDGING RESERVE ACCOUNT (Refer Note No. 12 of Schedule 13B)		(1,035.85)		259.77
AMALGAMATION RESERVE				
As per last Balance Sheet		2.88		2.88
CURRENCY TRANSLATION RESERVE				
As per last Balance Sheet	(31.65)		82.02	
Addition/ (Deduction) during the year (Net)	455 .26		(113.67)	
		423.61		(31.65)
SURPLUS IN PROFIT AND LOSS ACCOUNT		4,163.79		3,207.36
TOTAL		**9,575.11**		**9,363.21**
SCHEDULE "3" - LOAN FUNDS				
A. SECURED LOANS				
TERM LOAN FROM A BANK		-		111.76
Foreign Currency Term Loan From a Bank (Loan is secured by the first exclusive charge by way of hypothecation of moveable properties and mortgage of land and building located at Nagpur and Corporate Guarantee given by the holding company. The company is taking necessary steps for release of the charge on assets)				
TOTAL		**-**		**111.76**

Schedules to Consolidated Balance Sheet

SCHEDULE "4" - FIXED ASSETS

(₹ Million)

		GROSS BLOCK				DEPRECIATION/ AMORTIZATION/ IMPAIRMENT				NET BLOCK	
Sr. No.	Particulars	As at 01.01.2011	Additions	Deductions/ Adjustments	As at 31.12.2011	As at 01.01.2011	For the year	Deductions/ Adjustments	As at 31.12.2011	As at 31.12.2011	As at 31.12.2010
A	Goodwill on Consolidation	1,159.86	-	(217.53)	1,377.39	-	-	-	-	1,377.39	1,159.86
B	TANGIBLE ASSETS										
1	Land - Freehold	0.15	-	-	0.15	-	-	-	-	0.15	0.15
	Land - Leasehold (Refer Note No. 1)	362.14	-	-	362.14	14.45	3.68	-	18.13	344.01	347.69
2	Building (Refer Note No. 2)	1,184.92	429.08	-	1,614.00	60.82	22.39	-	83.21	1,530.79	1,124.10
3	Plant and Machinery (Includes Computer Systems)	1,351.18	368.92	65.65	1,654.45	1,054.92	143.32	65.61	1,132.63	521.82	296.26
4	Furniture and Fixtures	400.02	60.52	3.68	456.86	262.51	49.86	5.45	306.92	149.94	137.51
5	Improvements to Leasehold Premises	26.93	0.46	1.29	26.10	22.38	3.46	1.58	24.26	1.84	4.55
6	Vehicles	33.97	3.58	1.82	35.73	27.38	4.93	1.62	30.69	5.04	6.59
C	INTANGIBLE ASSETS										
	Softwares	109.77	27.36	(5.02)	142.15	77.03	19.39	(4.94)	101.36	40.79	32.74
	Current Year	**4,628.94**	**889.92**	**(150.11)**	**5,668.97**	**1,519.49**	**247.03**	**69.32**	**1,697.20**	**3,971.77**	**3,109.45**
	Previous Year	4,504.62	566.71	442.39	4,628.94	1,404.31	242.32	127.14	1,519.49	3,109.45	-
	Capital-Work-in-Progress									813.38	968.95
	(In respect of buildings under construction and includes Capital advances of ₹ 14.71 million (₹ 11.80 million))										
	TOTAL									**4,785.15**	**4,078.40**

Notes:

1 Includes ₹ 285.32 million and ₹ 14.10 million (Previous year ₹ 11.06 million) being lease premium and accumulated amortization in respect of leasehold land allotted to the Company at Pune and Nagpur for which final lease agreement is being executed.

2 Includes one building having gross block of ₹ 164.01 million and accumulated depreciation of ₹ 28.82 million (Previous year ₹ 26.14 million), which the Company acquired along with land from MIDC, at Navi Mumbai, entered in to necessary agreements and took possession of the building in an earlier year.

The final agreement is being executed.

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	217.53	-
TANGIBLE ASSETS		
Plant and Machinery	17.77	16.50
Furniture and Fixtures	5.17	2.75
Improvements to Leasehold Premises	2.61	2.32
Vehicles	0.23	0.20
INTANGIBLE ASSETS		
Computer Softwares	5.02	4.94
Current Year	**248.33**	**26.71**
Previous Year	53.34	5.47

Schedules to Consolidated Balance Sheet

(₹ Million)

Particulars		As at 31st December '11			As at 31st December '10	
SCHEDULE "5" - INVESTMENTS						
A LONG TERM						
Trade Investments - Unquoted (At cost less provision for diminution in value of Investment)						
Nil (118) no. 2 series A Preferred Shares of 500,000/- Yen each in ROA International Co., Ltd.		-			21.73	
Less : Provision for diminution in value of Investment		-			(21.73)	
			-			-
B CURRENT INVESTMENTS						
Non Trade Investments (Unquoted)						
(At cost or fair value whichever is lower)						
Investment in Mutual Funds						
(unit of ₹ 10/- each unless otherwise stated)						
Name of Mutual Fund Scheme	**Units**	**Cost**		**Units**	**Cost**	
Reliance Liquid Fund - Treasury Institutional Plan - Daily Dividend	3,284,688	50.21		655,213	10.02	
Tata Money Market Fund Institutional Plan - Daily Dividend	2,504,343	25.08		-	-	
UTI Money Market Mutual Fund - Institutional Daily Dividend Re-Investment (Face value ₹ 1,000)	52,367	52.54		-	-	
DWS Ultra Short Term Fund - Institutional Daily Dividend Reinvest	10,075,460	100.94		-	-	
DWS Treasury Fund - Cash - Institutional Plan - Daily Dividend Reinvest	-	-		2,782,772	27.97	
Fidelity Ultra Short Term Debt Fund - Super IP - Daily Dividend	-	-		10,047,496	100.52	
IDFC Money Manager Fund - TP Super Inst Plan C - Daily Dividend Reinvestment	-	-		10,998,350	110.00	
Reliance Liquid Fund - Cash Plan - Daily Dividend	-	-		3,374,060	37.59	
Reliance Money Manager Fund - Institutional Plan - Daily Dividend (Face value ₹ 1,000)	-	-		15,479	15.50	
Canara Robeco Treasury Advantage Super Inst Daily Dividend Reinvest Fund	-	-		7,694,641	95.47	
			228.77			397.07
TOTAL			**228.77**			**397.07**
(i) Aggregate cost/ fair value of quoted investments.			-			-
(ii) Aggregate value of unquoted investments. (At cost/fair value)			228.77			397.07
			228.77			397.07

Schedules to Consolidated Balance Sheet

(₹ Million)

Particulars	As at 31st December '11		As at 31st December '10	
SCHEDULE "6" - CURRENT ASSETS, LOANS AND ADVANCES				
CURRENT ASSETS				
SUNDRY DEBTORS (UNSECURED)				
Debts outstanding for a period exceeding six months	26.52		56.16	
Other debts	2,999.86		1,922.65	
	3,026.38		1,978.81	
Less : Provision for doubtful accounts	33.39		59.77	
		2,992.99		1,919.04
SUNDRY DEBTORS				
Considered good	2,992.99		1,919.04	
Considered doubtful	33.39		59.77	
	3,026.38		1,978.81	
CASH AND BANK BALANCES				
Cash in Hand	0.07		0.01	
Remittance in Transit	-		0.22	
Bank Balances with Scheduled Banks				
In Fixed Deposit Accounts	3,595.38		3,743.74	
[Includes Deposits of ₹ 120.36 million (₹ 18.53 million) under lien with banks for guarantees given by bank to various Government authorities/ for Financial Assistance]				
In Exchange Earner's Foreign Currency Account	7.62		5.35	
In Current Accounts	388.79		206.49	
Balances with Non-Scheduled Banks				
In Fixed Deposit Accounts	256.04		281.69	
[Includes Deposits of ₹ 1.50 million (₹ 0.50 million) under lien with banks for guarantees given by bank for leased premises]				
In Current Accounts	129.29		118.24	
		4,377.19		4,355.74
LOANS AND ADVANCES (UNSECURED)				
Advances recoverable in cash or in kind or for value to be received	377.16		335.30	
Deposits	200.42		253.86	
Advance Income Tax (net of provision for tax)	188.33		162.22	
Advance Fringe Benefit Tax (net of provision for tax)	4.85		11.50	
Mat Credit Entitlement (Refer note no. 5(b) of Schedule 13B)	539.66		256.94	
	1,310.42		1,019.82	
Less : Provision for doubtful deposits/advances	38.01		44.28	
		1,272.41		975.54
LOANS AND ADVANCES				
Considered good	1,272.41		975.54	
Considered doubtful	38.01		44.28	
	1,310.42		1,019.82	
OTHER CURRENT ASSETS				
Interest accrued on deposits	160.41		110.03	
Unbilled services	513.60		334.07	
On account of Derivative Contracts	-		212.53	
		674.01		656.63
TOTAL		**9,316.60**		**7,906.95**

Schedules to Consolidated Balance Sheet

(₹ Million)

Particulars	As at 31st December '11		As at 31st December '10	
SCHEDULE "7" - CURRENT LIABILITIES AND PROVISIONS				
CURRENT LIABILITIES				
SUNDRY CREDITORS				
i) Total Outstanding dues of micro enterprises and small enterprises	-		-	
ii) Total Outstanding dues of Creditors other than micro enterprises and small enterprises	719.61		431.14	
Unearned Revenues	134.59		85.01	
Other Liabilities	1,099.07		926.30	
Unclaimed Dividend *	28.89		13.39	
Liability for Derivative Contracts	880.70		-	
Deposit received for leased premises	28.32		19.32	
		2,891.18		1,475.16
PROVISIONS				
- Provision for compensated absences	380.43		320.91	
- Proposed dividend	440.04		349.18	
- Corporate dividend tax	71.39		57.99	
- Provision for gratuity and Other benefits	114.39		91.69	
- Provisions others (Refer note no. 13 of Schedule 13B)	346.19		374.40	
- Provision for taxation (net of advance tax)	87.19		115.19	
		1,439.63		1,309.36
TOTAL		**4,330.81**		**2,784.52**

* This figure does not include any amount due and outstanding to be credited to Investor Education and Protection Fund.

Schedules to Consolidated Profit and Loss Account

(₹ Million)

Particulars	For the year ended 31st December '11	For the year ended 31st December '10
SCHEDULE "8" - OTHER INCOME		
Dividend from Current Investments	76.01	37.15
Loss on Sale of Current Investments (Net)	(0.39)	-
Interest income (Tax deducted at source ₹ 26.76 million (₹ 24.27 milliion)) (Includes Interest on Bank fixed deposits ₹ 324.92 million (₹ 239.92 million))	325.52	242.81
Profit on Sale of Fixed Assets (Net)	1.25	190.72
Rental income	56.72	57.42
Miscellaneous income	22.99	26.46
TOTAL	**482.10**	**554.56**
SCHEDULE "9" - SOFTWARE AND DEVELOPMENT EXPENSES		
Consultant travel and related expenses	749.92	600.34
Software expenses (includes subcontracting charges ₹ 1,115.52 million (₹ 759.03 million)	1,348.30	930.24
TOTAL	**2,098.22**	**1,530.58**
SCHEDULE "10" - EMPLOYMENT EXPENSES		
Salary and other allowances	7,235.45	5,964.94
Contribution to provident and other funds	805.20	664.70
Staff welfare expenses	169.62	125.24
TOTAL	**8,210.27**	**6,754.88**

Schedules to Consolidated Profit and Loss Account

(₹ Million)

Particulars	For the year ended 31st December '11		For the year ended 31st December '10	
SCHEDULE "11" - ADMINISTRATION AND OTHER EXPENSES				
Rent		255.97		255.72
Rates and taxes		17.27		35.90
Travelling and conveyance expenses		349.84		302.92
Electricity charges		142.55		103.96
Communication expenses		158.34		150.15
Repairs and maintenance				
Buildings	10.82		9.38	
Plant and machinery	34.87		26.79	
Others	52.48		42.14	
		98.17		78.31
Printing and stationery		22.54		17.80
Auditors' remuneration				
Audit fees	12.40		12.09	
Tax audit fees	1.38		2.14	
Limited reviews, certification work, Taxation and other matters	5.71		4.06	
Out of pocket expenses	-		0.08	
		19.49		18.37
Legal and professional fees		121.50		140.45
Advertisement and publicity		32.59		29.20
Seminar and Conference expenses		74.64		59.19
Bank and other charges		9.12		6.25
Directors' sitting fees		3.02		1.84
Insurance premium		26.81		24.52
Donation		0.16		0.13
Fixed Assets written off		0.53		0.82
Bad Debts/ advances/ investments written off (includes investments written off of ₹ 21.73 million (₹ Nil)) (Net of Recoveries ₹ 0.04 million (₹ Nil))		104.78		21.55
Provision for doubtful accounts (net of write back ₹ 110.93 million which includes reversal of provision for diminution in value of investments of ₹ 21.73 million (₹ Nil) (₹ 80.43 million))		(91.54)		(73.22)
Staff recruitment expenses		66.71		61.02
Service charges		79.41		63.17
Miscellaneous expenses		89.79		56.64
Note : Miscellaneous Expenses includes Stamp Duty & Filing fees, Hiring charges, Registrar and Share Transfer expenses, Membership and Subscription, etc.				
TOTAL		**1,581.69**		**1,354.69**
SCHEDULE "12" - INTEREST EXPENSES				
On term Loans		6.65		9.84
Others (Includes working capital loan)		14.84		16.20
TOTAL		**21.49**		**26.04**

Schedule "13" Significant Accounting Policies and Notes Forming Part of Consolidated Accounts

A) SIGNIFICANT ACCOUNTING POLICIES

1. Basis of preparation of Financial Statements

These consolidated financial statements of Hexaware Technologies Limited ("the holding company") and its subsidiaries (together "the Company/ Group") are prepared under the historical cost convention in accordance with generally accepted accounting principles applicable in India, the provisions of the Companies Act, 1956 and the applicable accounting standards, to the extent possible in the same format as that adopted by the holding company for its separate financial statements.

The financial statements of subsidiaries used in the consolidation are drawn upto the same reporting date as that of the holding company, viz December 31, 2011.

2. Principles of Consolidation

a) The financial statements of the holding company and its subsidiaries have been consolidated on a line by line basis by adding together the book value of like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and any unrealized gain or losses on balances remaining within the group in accordance with the Accounting Standard (AS 21) "Consolidated Financial Statements".

b) The financial statements of the holding company and its subsidiaries have been consolidated using uniform accounting policies for like transactions and other events in similar circumstances.

c) The excess of the cost to the holding company of its investments in each of the subsidiaries over and above the share of equity in the respective subsidiary, on the acquisition date, is recognized in the financial statements as goodwill which is tested for impairment on an annual basis.

d) Minority interest in the net assets of consolidated subsidiaries consists of:

   i) The amount of equity attributable to minorities at the date on which investment in the subsidiary is made and

   ii) The minorities' share of movements in equity since the date the parent-subsidiary relationship comes into existence.

   Minority interest in share of net profit/ loss for the year is identified and adjusted against the profit after tax of the Company. Excess of loss attributable to the minority over the minority interest in the equity of the subsidiary is absorbed by the Company.

3. 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 amount of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Difference between actual results and estimates are recognized in the period in which the results are known/ materialize. 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.

4. Revenue Recognition

i. Revenues from software solutions and consulting services are recognized on specified terms of contract in case of contract on time basis 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.

ii. Revenue from business process outsourcing arises from unit – priced contracts 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. Revenue from per incident services is based on the performance of specific criteria at contracted rates.

iii. Dividend income is recognised when right to receive is established.

iv. Interest Income is recognised on time proportion basis.

v. 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.

5. Fixed Assets

Fixed assets stated at cost of acquisition less accumulated depreciation and impairment loss, if any. Cost includes all expenses incurred for acquisition of assets.

Intangible assets are recorded at cost and are carried at cost less accumulated amortization and accumulated impairment cost, if any.

6. 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 determined by the management.

The management estimates the useful lives for various fixed assets as follows:

Asset Class	Estimated useful Life
Buildings	61 years
Computer Systems (included in Plant and Machinery)	3 years
Office Equipment (included in Plant and Machinery)	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
Improvement to Leasehold Premises	Over the lease period
Software	3 years

7. Investments

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

8. 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 Profit and Loss Account.

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 Profit and Loss Account.

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 profit and loss account. 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 (except depreciation) 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 are recognised in the Profit and Loss Account.

9. Translation and Accounting of Financial Statements of Foreign Subsidiaries

The local accounts of the subsidiaries are maintained in local currency of the country of incorporation. The financial statements are translated to Indian Rupees.

1. All income and expenses are translated at the average rate of exchange prevailing during the year.
2. Assets and liabilities are translated at the closing rate on the Balance Sheet date.
3. Share Capital and share application money are translated at historical rate.
4. The resulting exchange differences are accumulated in currency translation reserve.

10. 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 and loan liabilities. The Company designates these instruments as hedges applying the recognition and measurement principles set out in the Accounting Standard (AS) 30 "Financial Instruments: Recognition and Measurement". Accordingly, the Company records the 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 profit and loss account. (Refer Note No. 12 of Schedule 13B).

11. Employee Benefits

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

Payments to defined contribution retirement schemes and other similar funds are expensed as incurred. For defined benefit schemes and other long-term benefit plans, (compensated absences) the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at balance sheet date. Actuarial gains and losses are recognized in full in the profit and loss account 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 reduction in future contributions to the scheme.

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 within a year, statutory employee profit sharing and bonus payable.

12. Borrowing Cost

Borrowing cost 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.

13. Leases

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. Lease payments are apportioned between finance charge and reduction in outstanding liability.

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.

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

14. 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 tax rates and in the case of deferred tax assets, on consideration of prudence, are recognized and carried forward to the extent of reasonable certainty/ virtual certainty, as the case maybe.

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 ICAI. MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. At each balance sheet date the Company reassesses MAT credit assets, to the extent they become reasonably certain or virtually certain of realization, as the case may be and adjusts the same accordingly.

In the event of unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only to the extent that there is virtual certainty 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 the entity intends to settle the asset and liability on a net basis.

15. 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 Profit and Loss Account 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.

16. Grants

Grant (not related to fixed assets) are accounted in profit and loss account in the year of accrual/ receipt when it is reasonably certain that ultimate collections will be made.

17. 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.

18. Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events 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.

B) NOTES FORMING PART OF CONSOLIDATED ACCOUNTS

1. Description of Business

The Company is engaged in the business of providing software, application, development, maintenance, re-engineering, consultancy, business process outsourcing services and software testing.

2. Subsidiaries to Consolidation

The consolidated financial statements present the consolidated accounts of Hexaware Technologies Limited with the following subsidiaries:

Name of the Subsidiary company	Country of Incorporation	Extent of Holding (%) as on 31.12.2011
Hexaware Technologies Inc.	United States of America	100%
Hexaware Technologies, Mexico S. De. R.L. De. C.V.	Mexico	100%
Hexaware Technologies UK Ltd.	United Kingdom	100%
FocusFrame Europe BV	Netherland	100%
Hexaware Technologies Asia Pacific Pte Limited	Singapore	100%
Hexaware Technologies GmbH.	Germany	100%
Hexaware Technologies Canada Limited	Canada	100%
Caliber Point Business Solutions Ltd.	India	100%
Risk Technology International Limited	India	100%
Hexaware Technologies SRL, Argentina * #	Argentina	100%
Hexaware Technologies DO Brazil Ltd, Brazil #	Brazil	100%
Rampran Infotech Ltd.	India	100%

Notes:

Held by nominees of Hexaware Technologies UK Ltd.

* Application made by Company to General Justice Bureau of Argentina to strike off its name as on November 17, 2011.

3. Contingent Liabilities

a) Claims not acknowledged as debt of ₹ 28.14 million (Previous year ₹ 99.67 million).

b) Income Taxes:

i. The Income tax assessment of the Company for Assessment year 2008-09 was completed during the year and demand amounting to ₹ 37.81 million (Previous year Nil) was made on the Company, mainly on account of disallowance of foreign exchange loss as business expenses. The Company has filed an appeal against such order with the Appellate authority and is hopeful of getting a favourable decision. Accordingly, no provision is considered necessary at this stage.

ii. Income tax of ₹ 7.40 million (Previous year ₹ 7.40 million) for Assessment year 2004-05, disputed in appeal and pending decision. Company is hopeful of getting a favourable decision.

iii. In case of a Subsidiary Company Income tax of ₹ 1.43 million (Previous year ₹ 20.87 million) for Assessment year 2008-09, disputed in appeal and pending decision. Subsidiary Company is hopeful of getting a favorable decision.

4. Estimated amount of contracts remaining to be executed on capital account not provided for (Net of Advances) ₹ 264.89 million (Previous year ₹ 198.94 million).

5. Income Taxes

a) Current income tax expense comprises of taxes on income from operations in India and foreign jurisdictions. In respect of certain entities in the group, where the income tax year is different from the accounting year, provision for current tax is made on the basis of income for the respective accounting year, which will be adjusted considering the total assessable income for the tax year. Tax expense relating to overseas operation is determined in accordance with the tax laws applicable in countries where such operations are domiciled.

b) Considering the expected future profitability and taxable positions in the subsequent years, the Company has recognized the 'MAT Credit entitlement' as an asset by crediting the Profit and Loss Account for an amount aggregating ₹ 282.72 million (Previous year ₹ 84.71 million) and disclosed under 'Loans and advances'.

c) The breakup of the deferred tax assets and deferred tax liability is as under:

(₹ Million)

Particulars	As at 31st December 2011	As at 31st December 2010
Deferred Tax Assets		
Provision for doubtful debts and advances	8.82	4.38
Depreciation	7.16	3.57
Employee Benefits	130.53	109.39
Net Operating Losses Carry Forward	7.06	14.35
Provision others (Refer Note No. 13. of Schedule 13B)	37.39	48.14
Others	3.57	2.99
Less : Deferred Tax Liabilities		
Depreciation	-	1.03
Deferred Tax Assets (Net)	**194.53**	**181.79**
Deferred Tax Liabilities		
Depreciation	24.03	19.89
Deferred Cancellation Gain relating to roll-over Cash	17.07	-
Flow Hedges		
Less : Deferred Tax Assets		
Employee Benefits	8.47	6.66
Provision for doubtful debts	0.22	-
Deferred Tax Liabilities (Net)	**32.41**	**13.23**

6. The Company takes on lease offices space, accommodation and vehicles for its employees under various operating leases. The lease rentals towards non-cancellable agreement recognised in the Profit and Loss Account for the year are ₹ 143.32 million (Previous year ₹ 126.42 million). Non-cancellable sublease rentals recognised in the profit and loss account on account of subleasing of the leased premises is ₹ 40.46 million (Previous year ₹ 42.77 million). The future minimum lease payments and payment profile of the said leases are as follows:

(₹ Million)

Particulars	As at 31st December 2011	As at 31st December 2010
Not later than one year	99.33	107.47
Later than one year but not later than five years	128.07	54.13
TOTAL	**227.40**	**161.60**

Minimum sublease payments expected to be received in future are as follows:

(₹ Million)

Particulars	As at 31st December 2011	As at 31st December 2010
Not later than one year	18.52	31.17
Later than one year but not later than five years	12.83	-
TOTAL	**31.35**	**31.17**

7. **Share Based Compensation (ESOP)**

a) Nil (33,076) warrants is the balance outstanding as at December 31, 2011 and 2010 respectively under Employee Stock Option Scheme – 1999 (ESOP 1999) of ₹ 0.03 each. The particulars of warrants lapsed on expiry of Scheme during the year are tabulated below under (e).

b) 555,280 (851,118) Options is the balance outstanding as at December 31, 2011 and 2010 respectively under Hexaware Technologies Limited – Employee Stock Option ('ESOP – 2002') ('the Plan') at an exercise price being the market price on the date of grant of Options or average closing price on the primary stock exchanges, whichever is higher in accordance with SEBI guidelines in force at the time of the grant or such price that may be determined by the Remuneration and Compensation Committee ('Committee'). Each Option entitles the holder to exercise the right to apply for and seek allotment of one equity share of ₹ 2/- each. The Options shall vest in four equal instalments or as determined at the discretion of the Committee. The particulars of options granted and lapsed under the Scheme are tabulated below under (e).

c) In 2007 the shareholders of the Company approved the ESOP Scheme 2007 ('ESOP – 2007') under which such number of equity shares and or other instruments or securities could be granted not exceeding five percent of the issued equity shares of the Company as on the date of such grant.

Details of options granted duly approved by the Committee under the said scheme are as under:

Grant Date	Category	No. of Options granted	Exercise Price (₹)	Vesting period
Jan. 10, 2011	ESOP	1,330,000	59.25	Until Jan. 10, 2015
Jan. 12, 2011	ESOP	160,000	59.08	Until Jan. 12, 2015
Feb. 15, 2011	ESOP	218,000	51.98	Until Feb. 15, 2015
Apr. 27, 2011	ESOP	60,000	69.95	Until Apr. 27, 2015
Apr. 28, 2011	ESOP	120,000	71.10	Until Apr. 28, 2013
July. 26, 2011	ESOP	1,061,500	79.85	Until July 26, 2015

The options are granted at an exercise price being the market price on the date of grant of Options or average closing price on the primary stock exchanges, whichever is higher in accordance with SEBI guidelines in force at the time of the grant or such price that may be determined by the Remuneration and Compensation Committee ('Committee'). Each option entitles the holder to exercise the right to apply for and seek allotment of one equity share of ₹ 2/- each. The options shall vest in four equal instalments or as determined at the discretion of the Committee. No options shall be granted under the scheme after September 10, 2014 (closing date). The particulars of options granted and lapsed under the Scheme are tabulated below under (e).

d) In 2008, the shareholders of the Company approved the ESOP Scheme 2008 ('ESOP – 2008') under which such number of equity shares and/ or other instruments or securities could be granted not exceeding two percent of the issued equity shares of the Company as on the date of such grant.

The options are granted at an exercise price being the market price on the date of grant of Options or average closing price on the primary stock exchanges, whichever is higher in accordance with SEBI guidelines in force at the time of the grant or such price that may be determined by the Remuneration and Compensation Committee ('Committee'). Each option entitles the holder to exercise the right to apply for and seek allotment of one equity share of ₹ 2/- each. The options shall vest in four equal instalments or as determined at the discretion of the Committee. No options shall be granted under the scheme after October 23, 2015 (Closing date).

e) The particulars of number of warrants/ options granted and lapsed under the aforementioned Schemes are tabulated below.

	ESOP-1999		ESOP-2002		ESOP-2007		ESOP-2008		Total	
Particulars	Warrants (nos.)	Weighted avg. ex. price per share (₹)	Option (nos.)	Weighted avg. ex. price per share (₹)	Option (nos.)	Weighted avg. ex. price per share (₹)	Option (nos.)	Weighted avg. ex. price per share (₹)	Option (nos.)	Weighted avg. ex. price per share (₹)
Outstanding as at the beginning of the year	33,076	4.50	851,118	13.00	9,494,308	14.24	689,644	31.59	11,068,146	15.20
	(37,076)	(4.50)	(2,207,848)	(13.81)	(13,135,984)	(12.13)	(280,524)	(5.00)	(15,661,432)	(12.22)
Granted during the year	-	-	-	-	2,949,500	66.82	-	-	2,949,500	66.82
	-	-	-	-	(874,000)	(40.28)	(550,000)	(38.34)	(1,424,000)	(39.53)
Exercised during the year	-	-	239,838	12.50	2,542,144	11.78	174,486	31.27	2,956,468	12.99
	-	-	(1,081,230)	(7.62)	(1,968,882)	(12.35)	(50,378)	(5.00)	(3,100,490)	(10.58)
Lapsed during the year	33,076	4.50	56,000	20.31	735,340	26.64	336,478	33.22	1,160,894	27.61
	(4,000)	(4.50)	(275,500)	(40.60)	(2,546,794)	(13.77)	(90,502)	(5.00)	(2,916,796)	(16.01)
Outstanding as at the year end	-	-	555,280	12.48	9,166,324	30.85	178,680	28.83	9,900,284	29.78
	(33,076)	(4.50)	(851,118)	(13.00)	(9,494,308)	(14.24)	(689,644)	(31.59)	(11,068,146)	(15.20)
Exercisable as at the year end	-	-	72,200	12.45	1,309,084	16.83	550	5.00	1,381,834	16.60
	(33,076)	(4.50)	(62,000)	(19.61)	(1,586,272)	(11.58)	(37,232)	(5.00)	(1,718,580)	(11.59)

Figures for the previous year are given in brackets.

Notes:

i) Consequent to change in the capital structure of the Company during the year on account of Issue of bonus shares (1:1), the number of resultant options are proportionately increased and the exercise Price is reduced for all ESOP schemes. The information regarding the number of warrants/options allotted, exercised and lapsed in the previous year has been restated on that basis in paragraphs a) to e) above.

ii) The following table provides details in respect of range of exercise price and weighted average remaining contractual life (in months) for the options outstanding under ESOP 2002, 2007 and 2008 schemes as at December 31, 2011:

	Year 2011		Year 2010	
Range of exercise price	Options	Weighted average remaining life	Options	Weighted average remaining life
1 – 13.3	6,188,284	51	9,533,070	63
27 – 50.5	918,500	63	1,494,000	76
51.98 – 85.5	2,793,500	76	8,000	1
TOTAL	**9,900,284**		**11,035,070**	

The movement in deferred Employee Compensation Expense during the year is as follows:

(₹ Million)

Particulars	Year 2011	Year 2010
Balance at the beginning of the year	5.01	9.37
Add : Recognised during the year	-	2.25
Less : Amortisation expense	2.24	6.61
Less : Reversal due to forfeiture	1.33	-
Balance carried forward	1.44	5.01

For the year ended December 31, 2011 the Company has recorded stock compensation expense of ₹ 2.24 million (Previous year ₹ 6.61 million).

f) The Company has followed the Intrinsic Value-based method of accounting for stock options granted after January 1, 2006 based on Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. 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, the Company's net income would be lower by ₹ 48.99 million (Previous year lower by ₹ 15.70 million) and earnings per share as reported would be lower as indicated below:

Particulars	Year 2011	Year 2010*
Basic Earning per share		
- As reported (In ₹)	9.13	3.72
- Adjusted (In ₹)	8.97	3.67
Diluted Earnings per share		
- As reported (In ₹)	8.92	3.62
- Adjusted (In ₹)	8.76	3.57

* Earnings per share for previous year has been adjusted for bonus issue during the year.

The Company has adopted Black Scholes option pricing model to determine the fair value of stock options. The fair value of each option granted in 2011 and 2010 are estimated on the date of grant based on the following assumptions:

	ESOP 2007							ESOP 2008	
	Stock Options							Stock Options	
Particulars	Grant dated July 28, 2010	Grant dated January 10, 2011	Grant dated January 12, 2011	Grant dated February 15, 2011	Grant dated April 27, 2011	Grant dated April 28, 2011	Grant dated July 26, 2011	Grant dated January 28, 2010	Grant dated April 28, 2010
Dividend yield (%)	1.42%	1.42%	1.96%	1.96%	1.96%	1.96%	1.96%	1.14%	1.14%
Expected life (years)	4-5.50 years	4-5.50 years	4-5.50 years	4-5.50 years	4-5.50 years	4-4.50 years	4-5.50 years	4-5.50 years	4-5.50 years
Risk free interest rate (%)	5.00%-7.37%	7.85%-8.01%	8.03%-8.06%	8.08%-8.15%	8.03%-8.06%	8.09%-8.10%	8.33%-8.34%	6.80%-7.26%	7.06%-7.55%
Volatility (%)	57.91%-62.54%	58.25%-63.60%	58.24%-63.59%	58.09%-63.66%	58.12%-63.65%	61.39%-63.63%	57.82%-63.37%	60.43%-92.17%	58.98%-92.41%

8. Related Parties:

Names of related parties and description of relationship:

Key Management Personnel

Mr. Atul K. Nishar – Chairman

Mr. P. R. Chandrasekar – Vice Chairman and Global Chief Executive Officer

Dr. (Mrs) Alka A. Nishar – Director (upto July 27, 2011)

Mr. R. V. Ramanan – Executive Director and President – Global Delivery

Mr. Ramanan Seshadri – Whole Time Director

Mr. Yogendra Shah – Whole Time Director (Hexaware Technologies Asia Pacific Pte Ltd.) (upto April 13, 2011)
Mr. R. U. Srinivas – President and Executive Director (Caliber Point Business Solutions Ltd.)
Mr. Rajiv Pant – President North America (Hexaware Technologies Inc.) (w.e.f. January 18, 2011)

Others (entities in which key management personnel have control and/ or significant influence)
Hexaware Technologies Employee Stock Option Trust
Ms. Priyanka Atul Nishar – Relative of key management personnel

1. Receiving of Services:

Particulars	Remuneration (₹ in Million)	Employee Stock Option/ Performance Shares Granted (Nos.)	Units/ Options including Restricted Stock Units Outstanding as on 31-12-2011 (Nos.)
Mr. Atul K. Nishar	11.38	-	-
	(11.62)	(-)	(-)
Mr. P. R. Chandrasekar	62.92	-	1,925,262
	(52.48)	(-)	(1,457,345)
Mr. R. V. Ramanan	19.49	250,000	517,606
	(13.68)	(-)	(201,875)
Dr. (Mrs.) Alka A. Nishar	17.28	-	-
	(-)	(-)	(-)
Mr. Sunil Surya	-	-	-
(Upto September 7, 2010)	(24.80)	(-)	(43,750)
Mr. Yogendra Shah	7.14	-	-
	(14.16)	(-)	(112,500)
Mr. R. U. Srinivas	12.51	-	60,000
	(11.33)	(-)	(45,000)
Mr. Rajiv Pant	31.68	50,000	576,338
	(-)	(-)	(-)
Mr. Ramanan Seshadri	21.14	150,000	298,000
	(4.85)	(48,000)	(112,500)
Ms. Priyanka Nishar	0.23	-	-
	(5.49)	(-)	(-)

2. Loans given:

(₹ Million)

Particulars	Sunil Surya	Ramanan Seshadri
Opening balance as on January 1, 2011	-	0.69
	(3.73)	(-)
Add: Given during the year	-	2.87
	(-)	(0.69)
Less : Repaid/ Adjusted during the year	-	3.56
	(3.73)	(-)
Closing balance as on December 31, 2011	-	-
	(-)	(0.69)

Figures for the previous year given in brackets.

9. Segments:

(₹ Million)

Primary Segment: Business Segments	Travel, Transportation, Hospitality and Logistics	Banking and Financial Services	Insurance and Healthcare	Manufacturing and Services	Others	Total
Segment Revenue	3,171.07	3,865.16	1,898.37	3,483.62	2,086.90	**14,505.12**
	(2,202.64)	(2,965.36)	(1,368.78)	(2,361.13)	(1,647.73)	**(10,545.64)**
Segment Results	435.90	707.02	286.85	798.68	386.49	**2,614.94**
	(111.92)	(121.80)	(120.20)	(273.69)	(302.65)	**(930.26)**
Less : Unallocable expenses						**(1.23)**
						(290.56)
Add : Other Income						**482.10**
						(554.56)
Less : Interest						**21.49**
						(26.04)
Profit before tax						**3,076.78**
						(1,168.22)
Less : Provision for taxation						**406.51**
						(92.33)
Profit after tax						**2,670.27**
						(1,075.89)
Other Information - Segment Assets (Refer Note No. 3)						
Goodwill	-	-	-	-	1,377.39	**1,377.39**
	(-)	(-)	(-)	(-)	(1,159.86)	**(1,159.86)**

Secondary Segment : Geographic Segment	North America	Europe	India	Rest of the World	Total
Revenue attributable to location of customers	9,488.48	4,068.83	308.01	639.80	**14,505.12**
	(7,159.32)	(2,797.43)	(140.92)	(447.97)	**(10,545.64)**
Segment assets based on their locations	2,763.99	722.01	9,505.72	123.52	**13,115.24**
	(1,780.55)	(598.73)	(8,928.62)	(83.23)	**(11,391.13)**
Additions to fixed assets (including capital work-in-progress)	9.01	2.17	723.18	-	**734.36**
	(6.79)	(2.86)	(268.38)	(-)	**(278.03)**
Goodwill	1,256.03	121.36	-	-	**1,377.39**
	(1,057.70)	(102.16)	(-)	(-)	**(1,159.86)**

Notes:

1. The Company has identified business segment as the primary segment. Segments have been identified taking into account the services offered to customers globally operating in different industry segments, differing risks and returns, the organizational structure and the internal reporting system. The Company has realigned its industry segments and has disclosed Insurance and Healthcare as a separate segment and accordingly the figures for the previous year has been regrouped to conform to the current year.
2. Revenues and expenses directly attributable to segments are reported under each reportable 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 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. Figures for the previous year are given in brackets.

10. Earnings Per Share (EPS):

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

(₹ Million)

Particulars	Year 2011	Year 2010
Net profit after tax and before Exceptional Item	2,670.27	851.81
Add : Exceptional Item	-	224.08
Net Profit after Exceptional Item	2,670.27	1,075.89
Net Income available to equity shareholders	2,670.27	1,075.89
Weighted average outstanding equity shares considered for basic EPS (Nos.)	292,341,279	*289,333,818
Basic Earnings per share (in ₹):		
Before exceptional item	9.13	2.95
After exceptional item	9.13	3.72
Weighted average outstanding equity shares considered for basic EPS (Nos.)	292,341,279	*289,333,818
Add : Effect of dilutive issue of stock options (including share application money received on exercise of options) (Nos.)	7,018,987	*7,817,318
Weighted average outstanding equity shares considered for diluted EPS (Nos.)	299,360,176	*297,151,136
Diluted Earnings per share (in ₹):		
Before exceptional item	8.92	2.87
After exceptional item	8.92	3.62

* Earnings per share for previous year has been adjusted for bonus issue during the year.

11. Employee benefit plans:

(i) Defined contribution plans viz Provident Fund, Superannuation Fund and other similar funds.

a) In respect of holding company and its subsidiary Company in India:

Eligible employees receive benefits from a Provident Fund Trust which is a defined contribution plan. 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. The holding Company pays a part of the contributions to Hexaware Technologies Limited Employees Provided Fund Trust (the 'Trust'). The remaining portion by the holding Company and entire contribution by its subsidiary Companies is contributed to the Government administered Employees 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.

Certain employees of the holding Company and its subsidiary Company in India are entitled to benefits under superannuation, 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 recognised such contributions as an expense when incurred and have no further obligation to the plan beyond their contributions.

The amounts recognised as expense towards contributions to provident fund, other funds and superannuation fund ₹ 182.51 million (Previous year ₹ 126.81 million) and ₹ 6.26 million (Previous year ₹ 5.35 million) respectively during the year ended December 31, 2011.

b) The Company contributed ₹ 257.62 million (Previous year ₹ 247.77 million) towards various other defined contributions plans of subsidiaries located outside India during year ended December 31, 2011 as per laws of the respective country.

(ii) Defined benefit plans:

In respect of holding company and its subsidiaries in India:

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 year 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 funded/ unfunded gratuity plan for the year ended December 31, 2011 as required under AS 15 (Revised):

(₹ Million)

Particulars	Current Year	Previous Year
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	**237.18**	**204.25**
Current Service Cost	52.30	43.54
Interest Cost	22.18	18.19
Actuarial losses/ (gains)	(18.89)	(20.01)
Benefits paid	(23.80)	(12.65)
Liabilities assumed on acquisition	-	3.86
Closing Defined Benefit Obligation	**268.97**	**237.18**
Change in the Fair Value of Assets		
Opening Fair Value of Plan Assets	**148.48**	**111.09**
Expected Return on Plan Assets	13.21	9.26
Actuarial gains/ (losses)	0.68	2.56
Contribution by Employer	19.94	38.22
Benefits paid	(23.80)	(12.65)
Closing Fair Value of Plan Assets	**158.51**	**148.48**
Net Liability as per Actuarial Valuation	**110.46**	**88.70**

Expense for the year:

Particulars	Current Year	Previous Year
Current Service Cost	52.30	43.54
Interest on Defined Benefit Obligation	22.18	18.19
Expected Return on Plan Assets	(13.21)	(9.26)
Actuarial losses/ (gains)	(19.58)	(22.57)
Total Included in Employment Expenses	**41.69**	**29.90**

Actual Return on Plan Assets	13.90	11.82

Category of Assets as on December 31, 2011 (Insurer Managed Fund)	158.51	148.48

Experience Adjustments:	**31-Dec-11**	**31-Dec-10**	**31-Dec-09**	**31-Dec-08**	**31-Dec-07**
Defined Benefit Obligation	268.97	237.18	204.25	207.47	133.55
Plan Assets	158.51	148.48	111.09	60.51	44.16
Surplus/ (Deficit)	(110.46)	(88.70)	(93.16)	(146.96)	(89.39)
Experience Adjustment on Plan Liabilities	(2.15)	(16.39)	(18.18)	(26.90)	(10.20)
Experience Adjustment on Plan Assets	0.69	2.56	0.36	1.52	0.16

The Company is expected to contribute ₹ 54.00 million to gratuity funds for the year ended December 31, 2012.

The assumptions used in accounting for the gratuity are set out below:

	2011 Parent Company	2011 Subsidiary Company	2010 Parent Company	2010 Subsidiary Company
Discount rate	8.55%	8.45%	7.95%	7.75%
Rate of increase in compensation levels of covered employees	10% for first year and 7.5% thereafter	6.00%	10% for first year and 7.5% thereafter	6%
Expected Rate of return on plan assets (*)	8.00%	7.50%	8.00%	7.50%

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

Asset allocations:

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

12. Derivative Instruments:

a) The Company has following outstanding derivatives instruments:

(i) Forward exchange contracts to Sell US Dollar 181.28 million and Sell Euro 9.39 million and Buy Euro 0.43 million (Previous year Sell US Dollar 129.98 million, Sell Euro 15.84 million and Sell JPY 262 million) are outstanding as of December 31, 2011.

(ii) Fair value (net loss) of the derivative instruments identified as cash flow hedges is ₹ 880.70 million (Previous year net gain of ₹ 212.53 million) as at December 31, 2011.

(iii) The movement in Hedging Reserve Account during year ended December 31, 2011 for derivatives designated as Cash Flow Hedges is as follows:

(₹ Million)

Particulars	Year 2011	Year 2010
Balance at the beginning of the year	259.77	(405.40)
Losses/ (Gains) transferred to income statement on occurrence of forecasted hedge transaction	(78.05)	277.92
Changes in the fair value of effective portion of outstanding cash flow derivative	(1,217.57)	350.89
Net derivative losses related to a discontinued Cash Flow Hedge	-	36.36
Balance at the end of the year	(1,035.85)	259.77

Net loss of ₹ 1,035.85 million recognised in Hedging Reserve as of December 31, 2011 is expected to be classified to Profit and Loss Account over two years.

13. 'Provision Others' includes provisions towards expenditure relating to fixed assets and employee benefit obligations on contract acquisition, the outflow for which is expected in the next year.

(₹ Million)

Particulars	Year 2011	Year 2010
Opening provision	374.40	31.03
Provision made during the year	51.22	374.40
Adjusted during the year	79.43	31.03
Closing provision	346.19	374.40

14. During the year the Company's Extra Ordinary general Meeting held on February 15, 2011 approved:

a) Reclassification of Authorised Share Capital of 3,000,000 Preference Shares of ₹ 100/- each to 150,000,000 Equity Share of ₹ 2/- each.

b) Allotment of 145,545,781 shares of face value of ₹ 2/- each, as fully paid up bonus shares, by utilization of Securities Premium Account.

15. Exceptional item represents

a) Profit on sale of surplus assets ₹ 636.94 million.

b) The Company had entered into large IT service contract over a period of five years, this contract included absorbing certain identified employees of the customer, along with related employee obligations. The Company had accounted obligations of employee amounting to ₹ 412.86 million based on crystallized restructuring plan.

16. Figures for the previous year have been regrouped/rearranged wherever necessary to correspond with the figures of current year and are disclosed in brackets. Amounts and other disclosures for the preceding year are included as an integral part of the current years financial statements and are to be read in relation to the amounts and other disclosures relating to the current year.

Schedules 1 to 13 form an integral part of the accounts
In terms of our attached report of even date

For Deloitte Haskins & Sells Chartered Accountants	**For and on behalf of the Board**		
R. D. Kamat Partner	**Atul K. Nishar** (Chairman)		**P. R. Chandrasekar** (Vice Chairman & Global CEO)
	R. V. Ramanan (Executive Director and President – Global Delivery)	**L. S. Sarma** (Director)	**Shailesh Haribhakti** (Director)
	Preeti Mehta (Director)	**S. Doreswamy** (Director)	**Bharat Shah** (Director)
	S. K. Mitra (Director)	**Ashish Dhawan** (Director)	**Abhay Havaldar** (Director)
Place : Mumbai Date : February 2, 2012	**Prateek Aggarwal** (Chief Financial Officer)		**Gunjan Methi** (Company Secretary)

Auditors' Report

To the Members of Hexaware Technologies Limited

1. We have audited the attached Balance Sheet of Hexaware Technologies Limited ("the Company") as at December 31, 2011, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, 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 appears from our examination of those books;
   c) The Balance Sheet, the Profit and Loss Account 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 Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
   e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
      i) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2011;
      ii) in the case of the Profit and Loss Account, of the profits of the Company for the year ended on that date; and
      iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended as on that date.
5. On the basis of the written representations received from the directors as on December 31, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on December 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For Deloitte Haskins & Sells
Chartered Accountants
[Firm Registration No.: 117366W]

R. D. Kamat
Partner
Membership No. 36822

Mumbai, February 2, 2012

Annexure to the Auditors' Report

Re: Hexaware Technologies Limited

Referred to in Paragraph 3 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 discrepancies noticed during verification have been appropriately accounted for. In our opinion, the frequency of verification is reasonable.

c) The fixed assets disposed of during the year, in our opinion, do not constitute a substantial part of the fixed assets 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 is not applicable.

iii) The Company has not granted or taken any loan secured/ unsecured, to/ from companies, firms or parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, clause 4 (iii) of the Companies (Auditor's Report) Order is not applicable to the Company.

iv) In our opinion, and according to the information and explanations given to us, there is an internal control system commensurate with the size of the Company and nature of its business for purchase of fixed assets and 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 continuing failure to correct major weaknesses in 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:

a) To the best of our knowledge and belief and according to the information and explanations given to us, particulars of contracts or arrangements that needed to be entered into the register maintained under the said section have been so entered.

b) According to information and explanations given to us, there are no transactions in excess of ₹ 5 lacs made in pursuance of such contracts or arrangements during the year.

vi) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sec 58A, 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 1975 with regard to the deposits accepted from the public are not applicable to the Company.

vii) A firm of Chartered Accountants appointed by the management carried out internal audit during the year. In our opinion, the internal audit system of the Company is commensurate with its size and nature of 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. Therefore the provisions of clause 4 (viii) of the Companies (Auditor's Report) Order are not applicable to the Company.

ix) a) The Company has generally been regular in depositing with the appropriate authorities, undisputed statutory dues including Provident fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Investor Education and Protection fund, cess and any other material statutory dues applicable to it. According to the information and explanation given to us, no undisputed amounts payable in respect of statutory dues were in arrears as at December 31, 2011 for a period of more than six months from the date they became payable.

b) According to information and explanations given to us there are no dues of Sales tax, Income tax, Customs duty, Wealth tax, Service tax and cess, which have not been deposited with the appropriate authorities on account of any dispute, except as follows:

Name of statute	Nature of the dues	Amount (₹ in Million)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income tax demand	7.40	Assessment Year 2004-05	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income tax demand	37.81	Assessment Year 2008-09	Commissioner of Income Tax (Appeals)
Finance Act, 1994	Service Tax	0.37	April 1, 2010 to September 30, 2010	Commissioner of Central Excise (Appeals)

x) The Company has no accumulated losses at the end of the financial year and it has not incurred any cash losses in such financial year 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 defaulted in payment of dues in respect of amounts borrowed from bank. The Company has not borrowed any amounts from financial institutions 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) In our opinion and 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) In our opinion and 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) In our opinion, the terms and conditions on which the Company has given guarantees for loans taken by a subsidiary company from a bank are not prejudicial to the interest of the Company.

xvi) The Company has not taken any term loan during the year and hence the question of applying term loans for the purpose for which they were obtained does not arise.

xvii) According to information and explanations given to us, and on an overall examination of the balance sheet of the Company, funds raised on short term basis have, prima facie, not been used for long term investment.

xviii) 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.

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 belief and according to the information and explanation given to us, no fraud on or by the Company was noticed or reported during the year.

For Deloitte Haskins & Sells
Chartered Accountants
[Firm Registration No.: 117366W]

R. D. Kamat
Partner
Membership No. 36822

Mumbai, February 2, 2012

Balance Sheet as at 31st December 2011

(₹ Million)

Particulars	Schedule	As at 31st December '11		As at 31st December '10	
SOURCES OF FUNDS					
SHAREHOLDERS' FUNDS					
a) Share Capital	"1"		586.72		290.40
b) Share Warrants (Refer Note No. 3 of Schedule 12B)			-		0.00
c) Share Application Money			-		1.09
d) Reserves and Surplus	"2"		7,998.70		8,451.62
TOTAL			**8,585.42**		**8,743.11**
APPLICATION OF FUNDS					
FIXED ASSETS	"3"				
a) Gross Block		3,366.16		2,597.09	
b) Less : Depreciation and amortisation		1,241.65		1,142.85	
c) Net Block		2,124.51		1,454.24	
d) Capital Work-in-Progress		813.38		968.43	
			2,937.89		2,422.67
INVESTMENTS	"4"		2,298.44		2,441.22
CURRENT ASSETS, LOANS AND ADVANCES	"5"				
a) Sundry Debtors		1,964.29		1,077.15	
b) Cash and Bank Balances		3,510.47		3,668.07	
c) Loans and Advances		1,431.14		904.10	
d) Other Current Assets		257.83		389.01	
		7,163.73		6,038.33	
Less :					
CURRENT LIABILITIES AND PROVISIONS	"6"				
a) Current Liabilities		2,737.41		1,236.44	
b) Provisions		1,077.23		922.67	
		3,814.64		2,159.11	
NET CURRENT ASSETS			3,349.09		3,879.22
TOTAL			**8,585.42**		**8,743.11**
Significant Accounting Policies and Notes Forming Part of Accounts	"12"				

Schedules 1 to 12 form an integral part of the accounts
In terms of our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants

R. D. Kamat
Partner

Place : Mumbai
Date : February 2, 2012

For and on behalf of the Board

Atul K. Nishar
(Chairman)

P. R. Chandrasekar
(Vice Chairman & Global CEO)

R. V. Ramanan
(Executive Director and President – Global Delivery)

L. S. Sarma
(Director)

Shailesh Haribhakti
(Director)

Preeti Mehta
(Director)

S. Doreswamy
(Director)

Bharat Shah
(Director)

S. K. Mitra
(Director)

Ashish Dhawan
(Director)

Abhay Havaldar
(Director)

Prateek Aggarwal
(Chief Financial Officer)

Gunjan Methi
(Company Secretary)

Profit and Loss Account for the Year ended 31st December 2011

(₹ Million)

Particulars	Schedule	For the year ended 31st December '11		For the year ended 31st December '10	
INCOME					
Software and Consultancy		6,785.80		4,236.51	
Other Income	"7"	449.37		519.07	
			7,235.17		4,755.58
EXPENDITURE					
Software and Development Expenses	"8"	607.00		568.08	
Employment Expenses	"9"	3,335.34		2,460.87	
Administration and Other Expenses	"10"	777.24		626.41	
Exchange Rate difference (net)		(233.31)		258.61	
Interest	"11"	14.40		14.41	
Depreciation and amortisation	"3"	188.97		176.20	
			4,689.64		4,104.58
PROFIT BEFORE TAX AND EXCEPTIONAL ITEM			2,545.53		651.00
Add : Exceptional Item (Refer Note No. 13 of Schedule 12B)			-		366.40
PROFIT BEFORE TAX			**2,545.53**		**1,017.40**
Less : Provision For Taxation					
Income Tax - Current		493.95		168.09	
MAT Credit Entitlement		(269.72)		(84.71)	
Fringe Benefit Tax		-		(1.11)	
Wealth Tax (Including for prior years ₹ Nil (₹ 1.96 million))		1 .49		6.86	
			225.72		89.13
PROFIT AFTER TAX			**2,319.81**		**928.27**
Add : Balance brought forward from Previous Year			2,471.69		2,251.97
BALANCE AVAILABLE FOR APPROPRIATION			4,791.50		3,180.24
APPROPRIATIONS					
Interim Dividend - Equity		732.81		232.50	
Proposed Dividend - Equity		440.04		203.99	
Corporate Dividend Tax		189.48		72.06	
Transfer to General Reserve		300.00		200.00	
			1,662.33		708.55
BALANCE CARRIED TO BALANCE SHEET			**3,129.17**		**2,471.69**
Earnings Per Share (in ₹) (Refer Note No. 8 of Schedule 12B)					
Before exceptional item					
Basic			7.94		1.94
Diluted			7.75		1.89
After exceptional item					
Basic			7.94		3.21
Diluted			7.75		3.13
Face value of Equity Share (in ₹)			2.00		2.00
Significant Accounting Policies and Notes Forming Part of Accounts	"12"				

Schedules 1 to 12 form an integral part of the accounts
In terms of our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants

R. D. Kamat
Partner

Place : Mumbai
Date : February 2, 2012

For and on behalf of the Board

Atul K. Nishar
(Chairman)

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(Vice Chairman & Global CEO)

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(Director)

Ashish Dhawan
(Director)

Abhay Havaldar
(Director)

Prateek Aggarwal
(Chief Financial Officer)

Gunjan Methi
(Company Secretary)

Cash Flow Statement for the Year eEnded 31st December 2011

(₹ Million)

	Particulars	For the year		Previous year
A	**CASH FLOW FROM OPERATING ACTIVITIES**			
	Net Profit before tax and after exceptional items	2,545.53		1,017.40
	ADJUSTMENTS FOR:			
	Depreciation and amortisation	188.97		176.20
	Employees share based payment cost	2.24		6.61
	Dividend from current investments	(74.99)		(36.36)
	Interest income	(305.92)		(224.50)
	Provision for doubtful accounts (net)	(102.91)		(39.60)
	Loss/ (Profit) on sale of investments (net)	0.39		0.00
	Deferred cancellation (loss)/ gain relating to roll-over cash flow hedges	(244.93)		104.91
	Profit on sale of fixed assets (net)	(1.24)		(190.48)
	Interest expense	14.40		14.41
	Exchange rate difference	83.75		1.87
	Exceptional item	-		(366.40)
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	**2,105.29**		**464.06**
	ADJUSTMENTS FOR:			
	Trade and other receivables	(1,200.50)		(511.41)
	Trade and other payables	788.16		234.42
	CASH GENERATED FROM OPERATIONS	**1,692.95**		**187.07**
	Direct taxes paid	(473.08)		(112.29)
	NET CASH FROM OPERATING ACTIVITIES		**1,219.87**	**74.78**
B	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Purchase of fixed assets	(603.69)		(307.31)
	Purchase of trade investments	-		(29.41)
	Purchase of other investments	(12,328.55)		(19,694.22)
	Interest received (net of tax ₹ 61.15 million (₹ 43.23 million))	200.98		214.55
	Proceeds from sale/ redemption of investments	12,470.94		20,562.50
	Dividend from current investments	74.99		36.36
	Proceeds from sale of fixed assets (net of tax ₹ Nil (₹ 61.35 million)) (Refer Note No. 3 below)	2.76		882.09
	NET CASH (USED IN)/ FROM INVESTING ACTIVITIES		**(182.57)**	**1,664.56**
C	**CASH FLOW FROM FINANCING ACTIVITIES**			
	Proceeds from issue of shares	38.40		32.80
	Share application money adjusted	(1.09)		(0.79)
	Interest paid	(14.40)		(14.41)
	Dividend paid (including corporate dividend tax)	(1,242.59)		(232.85)
	Proceeds from loan	1,125.41		810.16
	Repayment of loan	(1,210.96)		(812.30)
	NET CASH USED IN FINANCING ACTIVITIES		**(1,305.23)**	**(217.39)**
	NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS		**(267.93)**	**1,521.95**
	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**3,660.61**	**2,138.66**
	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (REFER NOTE NO. 1 BELOW)		**3,392.68**	**3,660.61**

Notes:

1. Components of cash and cash equivalents comprise the following:		
Cash and Bank Balances (Refer Schedule 5 of the Balance Sheet)	3,510.47	3,668.07
Less : Unrealised gain/ (loss) on foreign currency cash and cash equivalents	1.48	(0.31)
Less : Fixed Deposits under lien with Banks	116.31	7.77
TOTAL CASH AND CASH EQUIVALENTS	**3,392.68**	**3,660.61**

2. Purchase of Fixed Assets (including movements in Capital-work-in-progress) are considered as a part of investing activities.
3. Includes profit on sale of surplus assets shown as exceptional item amounting to ₹ Nil (₹ 636.94 million)
4. The previous year's figures have been regrouped wherever necessary.

Schedules 1 to 12 form an integral part of the accounts

In terms of our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants

R. D. Kamat
Partner

Place : Mumbai
Date : February 2, 2012

For and on behalf of the Board

Atul K. Nishar
(Chairman)

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Prateek Aggarwal
(Chief Financial Officer)

Gunjan Methi
(Company Secretary)

Schedules to Balance Sheet

(₹ Million)

Particulars	As at 31st December '11	As at 31st December '10
SCHEDULE "1" - SHARE CAPITAL		
AUTHORISED		
325,000,000 (175,000,000) Equity Shares of ₹ 2/- each**	650.00	350.00
Nil (3,000,000) Preference Shares of ₹ 100/- each **	-	300.00
1,100,000 Series "A" Preference Shares of ₹ 1,421/- each *	1,563.10	1,563.10
* (See Note No. II below)		
	2,213.10	2,213.10
ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		
EQUITY		
293,358,428 (145,200,980) Equity Shares of ₹ 2/- each fully paid.	586.72	290.40
NOTES:		
I) Of the above Equity Shares:		
1) 11,134,625 Equity Shares of ₹ 2/- each have been allotted as fully paid up without receiving consideration in cash in accordance with the Composite scheme of Reconstruction and Arrangement.		
2) 181,734,651 (36,188,870) Equity Shares of ₹ 2/- each have been allotted as fully paid up by way of Bonus Share by capitalisation of General Reserve/ Securities Premium Account. #		
3) 10,452,965 Equity Shares of ₹ 2/- each fully paid up have been allotted against Global Depository receipts issued by the Company.		
4) 50,000,000 Equity Shares of ₹ 2/- each fully paid up issued to the shareholders of erstwhile Hexaware Technologies Limited ('HTL') without receiving consideration in cash in accordance with the Composite scheme of Reconstruction and Arrangement.		
5) 3,863,060 Equity Shares of ₹ 2/- each fully paid up have been allotted to employees under ESOP 1999.		
6) 8,938,928 (8,711,340) Equity Shares of ₹ 2/- each fully paid up have been allotted to employees under ESOP 2002.		
7) 10,555,700 Equity Shares of ₹ 2/- each fully paid up have been allotted against unregistered American Depository Receipts (ADR) issued by the Company on conversion of Series "A" Redeemable and/or optionally convertible Preference Shares at a premium of ₹ 140.10 each as per the terms of issue.		
8) 3,194,034 (984,441) Equity Shares of ₹ 2/- each fully paid up have been allotted to employees under ESOP 2007.		
9) 199,675 (25,189) Equity Shares of ₹ 2/- each fully paid up have been allotted to employees under ESOP 2008.		
Particulars of options on unissued share capital		
(Refer Note No. 3 of the Schedule 12B)		
II) Authorised Preference Share Capital can be either cumulative or non cumulative with a power to the Company to convert the same into equity shares at any time.		
TOTAL	**586.72**	**290.40**

** (Refer Note No. 12a of Schedule 12B)

(Refer Note No. 12b of Schedule 12B)

Schedules to Balance Sheet

(₹ Million)

Particulars	As at 31st December '11		As at 31st December '10	
SCHEDULE "2" - RESERVES AND SURPLUS				
SECURITIES PREMIUM ACCOUNT				
As per Last Balance Sheet	4,773.61		4,725.56	
Add : Received during the year	33.17		30.08	
Add : Transfer from Employee Stock Option outstanding	6.14		17.97	
Less : Transferred to Share Capital Account consequent to issue of bonus shares (Refer Note No. 12b of the Schedule 12B)	291.09		-	
		4,521.83		4,773.61
EMPLOYEE STOCK OPTIONS OUTSTANDING				
Balance at the beginning of the year	15.79		31.51	
Add : Options granted during the year	-		2.25	
Less : Reversal on forfeiture of stock options granted	1.33		-	
Less : Transferred to Securities Premium Account	6.14		17.97	
	8.32		15.79	
Less : Deferred Employee Compensation Expense	1.44		5.01	
		6.88		10.78
GENERAL RESERVE				
As per last Balance Sheet	942.87		742.87	
Add : Transferred from Profit and Loss Account	300.00		200.00	
		1,242.87		942.87
AMALGAMATION RESERVE				
As per last Balance Sheet		2.88		2.88
HEDGING RESERVE (Refer Note No. 14 of Schedule 12B)		(904.93)		249.79
SURPLUS IN PROFIT AND LOSS ACCOUNT		3,129.17		2,471.69
TOTAL		**7,998.70**		**8,451.62**

SCHEDULE "3" - FIXED ASSETS

Sr. No.	Particulars	GROSS BLOCK As at 01.01.2011	GROSS BLOCK Additions	GROSS BLOCK Deductions/ Adjustments	GROSS BLOCK As at 31.12.2011	DEPRECIATION/ AMORTISATION As at 01.01.2011	DEPRECIATION/ AMORTISATION For the year	DEPRECIATION/ AMORTISATION Deductions/ Adjustments	DEPRECIATION/ AMORTISATION As at 31.12.2011	NET BLOCK As at 31.12.2011	NET BLOCK As at 31.12.2010
	TANGIBLE ASSETS										
1.	Land - Freehold	0.15	-	-	0.15	-	-	-	-	0.15	0.15
2.	Land - Leasehold (Refer Note No. 1 below)	330.44	-	-	330.44	13.65	3.43	-	17.08	313.36	316.79
3.	Building (Refer Note No. 2 below)	817.81	428.80	-	1,246.61	43.19	16.30	-	59.49	1,187.12	774.62
4.	Plant & Machinery (Includes Computer Systems)	1,038.98	346.72	82.63	1,303.07	807.51	114.38	81.42	840.47	462.60	231.47
5.	Furniture & Fixtures	295.51	56.29	7.01	344.79	201.26	31.67	6.93	226.00	118.79	94.25
6.	Vehicles	29.06	1.59	2.05	28.60	24.50	3.69	1.82	26.37	2.23	4.56
7.	Improvement to Leased Premises	2.67	-	-	2.67	1.53	1.14	-	2.67	-	1.14
	INTANGIBLE ASSETS										
1.	Software	82.47	27.36	-	109.83	51.21	18.36	-	69.57	40.26	31.26
	Current Year	**2,597.09**	**860.76**	**91.69**	**3,366.16**	**1,142.85**	**188.97**	**90.17**	**1,241.65**	**2,124.51**	**1,454.24**
	Previous Year	2,444.92	534.14	381.97	2,597.09	1,082.60	176.20	115.95	1,142.85	1,454.24	
	Capital Work-In-Progress (In respect of building under construction and includes capital advances ₹ 14.71 million (₹ 11.80 million))									813.38	968.43
	TOTAL									**2,937.89**	**2,422.67**

Notes:

1. Includes ₹ 285.32 million and ₹ 14.10 million (Previous year ₹ 11.06 million) being lease premium and accumulated amortisation in respect of leasehold land allotted to the Company at Pune and Nagpur for which final lease agreement is being executed.
2. Includes one building having gross block of ₹ 164.01 million and accumulated depreciation of ₹ 28.82 million (Previous year ₹ 26.14 million), which the Company acquired along with land from MIDC, at Navi Mumbai, entered in to necessary agreements and took possession of the building in an earlier year. The final agreement is being executed.

Schedules to Balance Sheet

(₹ Million)

Particulars	Units	As at 31st December '11		Units	As at 31st December '10	
SCHEDULE "4" - INVESTMENTS						
A) LONG TERM :						
(i) Investment in Subsidiaries (Unquoted) (at cost)						
30,026 (30,026) common stock at no par value in Hexaware Technologies Inc., U.S.A.		1,632.68			1,632.68	
3,067,000 (3,067,000) shares of 1 GBP each fully paid up in Hexaware Technologies UK Ltd.		218.87			218.87	
5,00,000 (500,000) shares of Singapore $ 1/- each fully paid up in Hexaware Technologies Asia - Pacific Pte. Ltd., Singapore		12.48			12.48	
3,618 (3,618) shares of face value of 50 euro each fully paid up in Hexaware Technologies Gmbh., Germany		7.57			7.57	
1 (1) common stock at no par value in Hexaware Technologies Canada Limited, Canada		0.73			0.73	
11,780,000 (11,780,000) shares of ₹ 10/- each fully paid up in Caliber Point Business Solutions Limited		158.92			158.92	
1,000,000 (1,000,000) shares of ₹ 10/- each fully paid up in Risk Technology International Limited		8.50			8.50	
1 (1) participation share of no par value in Hexaware Technologies (Mexico) S De R.L. De C.V.		29.42			29.42	
50,000 (50,000) shares of ₹ 10/- each fully paid up in Rampran Infotech Limited		0.5 0			0.50	
			2,069.67			2,069.67
(ii) Others (at cost less provision for diminution in value of Investment) (Unquoted)						
Nil (118) no. 2 series A Preferred Shares of 500,000/- Yen each in ROA International Co., Ltd.		-			21.73	
Less : Provision for diminution in value of Investment		-			21.73	
			-			-
B) CURRENT INVESTMENTS						
Non - Trade Investments (Unquoted)						
Investment in Mutual Funds (At cost or fair value, whichever is lower)						
(Unit of ₹ 10/- each, unless otherwise stated).						
Name of Mutual Fund Scheme	**Units**	**Cost**		**Units**	**Cost**	
DWS Ultra Short Term Fund - Institutional Daily Dividend Reinvest	10075460	100.94		-	-	
Reliance Liquid Fund - Treasury Plan - Institutional Option - Daily Dividend	3284688	50.21		-	-	
Tata Money Market Fund Institutional Plan - Daily Dividend	2504343	25.08		-	-	
UTI Money Market Fund-Institutional Daily Dividend Reinvest (Face value ₹ 1,000/-)	52367	52.54		-	-	
Canara Robeco Treasury Advantage Super Institutional Daily Dividend Reinvest Fund	-	-		7694641	95.47	
DWS Treasury Fund - Cash - Institutional Plan - Daily Dividend Reinvest	-	-		2782772	27.97	
Fidelity Ultra Short Term Debt Fund - Super IP - Daily Dividend	-	-		10047496	100.52	
IDFC Money Manager Fund-TP Super Institutional Plan C - Daily Dividend Reinvestment	-	-		10998350	110.00	
Reliance Liquid Fund-Cash Plan-Daily Dividend	-	-		3374060	37.59	
			228.77			371.55
TOTAL			**2,298.44**			**2,441.22**

Schedules to Balance Sheet

(₹ Million)

Particulars	Units	As at 31st December '11		As at 31st December '10		
SCHEDULE "4" - INVESTMENTS (Contd.)						
(i) Aggregate cost of quoted investments			-			-
Aggregate market value of quoted investments			-			-
(ii) Aggregate value of unquoted investments			2,298.44			2,441.22
			2,298.44			2,441.22
(iii) Details of investments purchased and sold during the year						
(Face Value of ₹ 10/- each, unless otherwise stated).						
Name of Mutual Fund Scheme	**Units**	**Cost**				
Canara Robeco Treasury Advantage Super Institutional Daily Dividend Reinvest Fund	23108429	286.71				
DWS Treasury Fund-Cash-Institutional Plan-Daily Dividend Reinvest (Face value ₹ 100/-)	11267056	1,384.00				
IDFC Money Manager Fund-TP Super Institutional Plan C-Daily Dividend Reinvest	11153121	111.55				
Reliance Liquid Fund - Cash Plan - Daily Dividend	93902955	1,046.22				
Fidelity Ultra Short Term Debt Fund - Super IP - Daily Dividend	73406	0.73				
SBI -SHF- Ultra Short Term Fund - Institutional Plan - Daily Dividend Reinvest	2003580	20.05				
ICICI Prudential Floating Rate Fund Plan D- Daily Dividend (Face value ₹ 100/-)	1959472	195.99				
Reliance Liquid Fund - Treasury Plan - Institutional Option - Daily Dividend	16368338	250.23				
ICICI Prudential Liquid Super Institutional Plan - Daily Dividend	39944735	400.35				
Kotak Short Term - Daily Dividend	131919397	1,334.52				
Birla Sun Life Cash Plus - Institutional Plan - Daily Dividend - Reinvest	107902527	1,081.13				
Sundaram Interval Fund Quarterly- Plan-B-Institutional Dividend	20241991	202.47				
UTI Income Interval Fund-Series II-Quarterly Interval Plan VI-Institutional Dividend Plan	5613068	56.13				
UTI Fixed Income Interval Fund-Quarterly Interval Plan Series 1-Institutional Dividend Reinvest	39531856	395.32				
Kotak Quarterly Interval Plan Series 2 - Dividend	14998205	150.00				
ICICI Prudential Interval Fund II Quaterly Interval Plan D Institutional Dividend	19651347	196.57				
Reliance Fixed Horizon Fund - XVII - Series 5 - Dividend Plan	25022934	250.23				
Birla Sun Life Short Term Opportunities Fund - Institutional - Weekly Dividend	28301371	283.47				
Birla Sun Life Short Term FMP - Series 11 - Dividend Payout	15750000	157.50				
IDFC Fixed Maturity Series - 30 Dividend	20152400	201.52				

Schedules to Balance Sheet

(₹ Million)

Particulars		As at 31st December '11		As at 31st December '10	
SCHEDULE "4" - INVESTMENTS (Contd.)					
Name of Mutual Fund Scheme	**Units**	**Cost**			
DSP Blackrock FMP - 3 Months - Series 32 -Dividend	25000000	250.00			
Kotak Long Term - Daily Dividend	32597010	328.57			
Sundaram Ultra ST Fund Super Institutional Daily Dividend Reinvest	5026268	50.45			
Birla Sunlife Floating Rate Fund - STP - IP - Daily Dividend Reinvest	57881098	578.92			
IDFC Cash Fund - Super Institutional Plan C Daily Dividend	27661983	276.69			
Templeton India Ultra Short Bond Fund Super Institutional Plan-Daily Dividend Reinvest	11061221	110.74			
Templeton India Treasury Management Super Institutional Plan-Daily Dividend (Face value ₹ 1,000/-)	647873	648.31			
HDFC FMP 92M May 2011 (2) - Dividend - Series XVIII	3500000	35.00			
Kotak Quarterly Interval Plan Series 4 - Dividend	10000000	100.00			
IDFC Ultra Short Term Fund Daily Dividend	20127361	203.34			
ICICI Prudential Sweep Plan - Cash Option - Daily Dividend (Face value ₹ 100/-)	3697278	369.77			
Sundaram Money Fund Super Institutional Daily Dividend Reinvest	16388867	165.45			
UTI Money Market Mutual Fund - Institutional Daily Dividend Re-Investment (Face value ₹ 1,000/-)	319960	321.04			
Tata Liquidity Management Fund - Daily Dividend (Face value ₹ 1,000/-)	100351	100.61			
Kotak Floater Short Term	24019371	242.99			
Birla Sunlife Cash Plus-Institutional Premium Daily Dividend-Reinvestment (Face value ₹ 100/-)	3126025	313.21			

Schedules to Balance Sheet

(₹ Million)

Particulars	As at 31st December '11		As at 31st December '10	
SCHEDULE "5" - CURRENT ASSETS, LOANS AND ADVANCES				
CURRENT ASSETS				
SUNDRY DEBTORS (UNSECURED)				
Debts outstanding for a period exceeding six months	2.76		45.46	
Other debts	1,964.74		1,077.15	
	1,967.50		1,122.61	
Less : Provision for doubtful accounts	3.21		45.46	
		1,964.29		1,077.15
SUNDRY DEBTORS				
Considered good	1,964.29		1,077.15	
Considered doubtful	3.21		45.46	
	1,967.50		1,122.61	
CASH AND BANK BALANCES				
Remittance in Transit	-		0.22	
(i) Bank Balances with Scheduled Banks				
In Fixed Deposit Accounts (Includes deposits of ₹ 116.31 million (₹ 7.77 million) under lien with banks for guarantees given by bank to various government authorities/ for financial assistance)	3,378.00		3,540.29	
In Exchange Earner's Foreign Currency Account	2.17		0.83	
In Current Accounts	95.72		82.28	
(ii) Bank Balances with others				
In Current Accounts - in Foreign Currency				
a) Mizohu Bank Limited - Japan [Maximum balance outstanding during the year ₹ 2.84 million (₹ 12.21 million)]	1.86		1.15	
b) Union Bank of Switzerland - Switzerland [Maximum balance outstanding during the year ₹ 1.56 million (₹ 1.56 million)]	1.49		1.53	
c) National Australia Bank - Australia [Maximum balance outstanding during the year ₹ 27.66 million (₹ 12.85 million)]	8.30		3.47	
d) Rabo Bank - Netherland [Maximum balance outstanding during the year ₹ 3.13 million (₹ 10.14 million)]	-		3.13	
e) Handelsbanken Bank - Sweden [Maximum balance outstanding during the year ₹ 4.81 million (₹ 5.70 million)]	0.44		3.92	
f) Metropolitan Bank and Trust Company - Manila [Maximum balance outstanding during the year ₹ 10.72 million (₹ 9.06 million)]	10.72		9.06	
g) Banco Satander S.A. Bank - Spain [Maximum balance outstanding during the year ₹ 1.56 million (₹ 1.19 million)]	0.32		0.65	
h) Bawag P.S.K. Bank - Austria [Maximum balance outstanding during the year ₹ 5.07 million (₹ 2.09 million)]	0.55		1.07	
In Fixed Deposit Accounts - in Foreign Currency				
National Australia Bank - Australia	10.90		20.47	
		3,510.47		3,668.07

Schedules to Balance Sheet

(₹ Million)

Particulars	As at 31st December '11		As at 31st December '10	
SCHEDULE "5" - CURRENT ASSETS, LOANS AND ADVANCES (Contd.)				
LOANS AND ADVANCES (UNSECURED)				
Loans and Advances to subsidiaries	341.10		96.66	
Advances recoverable in cash or in kind or for value to be received	297.23		260.95	
Deposits	172.04		225.13	
Advance Income Tax (net of provision for tax)	127.76		103.38	
Advance Fringe Benefit Tax (net of provision for tax)	4.36		4.36	
Mat Credit Entitlement	526.66		256.94	
	1,469.15		947.42	
Less : Provision for doubtful deposits/ advances	38.01		43.32	
		1,431.14		904.10
LOANS AND ADVANCES				
Considered good	1,431.14		904.10	
Considered doubtful	38.01		43.32	
	1,469.15		947.42	
OTHER CURRENT ASSETS				
Unbilled services	110.16		91.11	
On accounts of Derivative contracts	-		194.02	
Interest accrued on deposits	147.67		103.88	
		257.83		389.01
TOTAL		**7,163.73**		**6,038.33**

Schedules to Balance Sheet

(₹ Million)

Particulars	As at 31st December '11		As at 31st December '10	
SCHEDULE "6" - CURRENT LIABILITIES AND PROVISIONS				
CURRENT LIABILITIES				
SUNDRY CREDITORS				
i) Total dues to micro enterprises and small enterprises	-		-	
ii) Total dues to Creditors other than micro enterprises and small enterprises	323.17		162.19	
Due to Subsidiaries	1,073.53		639.23	
Deposit received for Leased Premises	28.32		19.32	
Unearned Revenues	43.60		12.48	
Unclaimed Dividend *	28.89		13.39	
Other Liabilities	441.35		389.83	
Liability for Derivative Contracts	798.55		-	
		2,737.41		1,236.44
PROVISIONS				
Provision for compensated absences	130.63		103.87	
Provision for gratuity	97.70		80.00	
Proposed dividend	440.04		349.18	
Corporate dividend tax	71.39		57.99	
Provisions others (Refer Note No. 15 of Schedule 12B)	279.46		259.22	
Provision for taxation (net of advance tax)	58.01		72.41	
		1,077.23		922.67
TOTAL		**3,814.64**		**2,159.11**

* This figure does not include any amount due and outstanding to be credited to Investor Education and Protection Fund.

Schedules to Profit and Loss Account

(₹ Million)

Particulars	For the year ended 31st December '11		For the year ended 31st December '10	
SCHEDULE "7" - OTHER INCOME				
Dividend from current investments		74.99		36.36
(Loss)/ Profit on sale of current investments (net)		(0.39)		0.00
Interest income (tax deducted at source ₹ 25.73 million (₹ 22.31 million)) (includes Interest on bank fixed deposits ₹ 305.62 million (₹ 221.81 million))		305.92		224.50
Profit on Sale of Assets (net)		1.24		190.48
Rental income		56.72		57.58
Miscellaneous income		10.89		10.15
TOTAL		**449.37**		**519.07**
SCHEDULE "8" - SOFTWARE AND DEVELOPMENT EXPENSES				
Consultant travel and related expenses		202.35		194.48
Software expenses (includes subcontracting charges ₹ 223.17 million (₹ 279.41 million))		404.65		373.60
TOTAL		**607.00**		**568.08**
SCHEDULE "9" - EMPLOYMENT EXPENSES				
Salary and other allowances		3,041.16		2,240.87
Contribution to provident and other funds		203.55		154.06
Staff welfare expenses		90.63		65.94
TOTAL		**3,335.34**		**2,460.87**

Schedules to Profit and Loss Account

(₹ Million)

Particulars	For the year ended 31st December '11		For the year ended 31st December '10	
SCHEDULE "10" - ADMINISTRATION AND OTHER EXPENSES				
Rent		123.93		118.78
Rates and taxes		11.27		30.28
Travelling and conveyance expenses		143.29		103.07
Electricity charges		107.54		75.41
Communication expenses		78.73		68.32
Repairs and maintenance				
Buildings	7.71		5.16	
Plant and machinery	32.90		24.65	
Others	29.16		25.43	
		69.77		55.24
Printing and stationery		13.49		10.46
Auditors' remuneration				
Audit fees	2.50		2.00	
Tax audit fees	0.90		0.90	
Limited reviews, certification work etc.	5.32		3.91	
Out of pocket expenses	-		0.08	
		8.72		6.89
Legal and professional fees		61.28		60.71
Seminar, conference and business promotion		29.90		12.69
Bank charges		3.15		2.01
Directors' sitting fees		2.40		1.28
Insurance premium		14.89		9.45
Donation		0.02		0.00
Bad debts/ advances/ investments written off (includes investments written off of ₹ 21.73 million (₹ Nil)) (net of write back ₹ 0.04 million (₹ Nil))		101.51		16.71
Provision for doubtful accounts (net of write back ₹ 105.94 million which includes reversal of provision for diminution in value of investments of ₹ 21.73 million (₹ Nil) (₹ 39.73 million))		(102.91)		(39.60)
Staff recruitment expenses		36.03		38.03
Service charges		61.17		46.21
Miscellaneous expenses		13.06		10.47
Note : Miscellaneous expenses includes Stamp duty and filing fees, Registrar and share transfer expenses, Membership and subscription, Customs Duty, Brokerage, Carriage and Forwarding, Board meeting expenses and AGM expenses etc.				
TOTAL		**777.24**		**626.41**
SCHEDULE "11" - INTEREST				
Others (including working captial loan)		14.40		14.41
TOTAL		**14.40**		**14.41**

Schedule "12" Significant Accounting Policies and Notes Forming Part of the Accounts

A) SIGNIFICANT ACCOUNTING POLICIES

1. Accounting Convention and Concepts

These financial statements have been prepared under the historical cost convention in accordance with generally accepted accounting principles in India, the provisions of the Companies Act, 1956 and the applicable accounting standards.

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 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.

3. Revenue Recognition

a) Revenues from software solutions and consulting services are recognized on specified terms of contract in case of contract on time basis 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.

b) Dividend income is recognised when right to receive is established.

c) Interest Income is recognised on time proportion basis.

d) 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.

4. Fixed Assets

Fixed assets stated at cost of acquisition less accumulated depreciation and impairment loss, if any. Cost includes all expenses incurred for acquisition of assets. Intangible assets are recorded at cost and are carried at cost less accumulated amortisation and accumulated impairment loss, if any.

5. 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 determined by the management.

The management estimates the useful lives for various fixed assets as follows:

Asset Class	Estimated useful Life
Building	61 years
Computer Systems (included in Plant and Machinery)	3 years
Software	3 years
Office Equipment (included in Plant and Machinery)	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

6. Investments

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

7. 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 Profit and Loss Account.

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 Profit and Loss Account.

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 amortised 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 profit and loss account. Any gain/ loss on cancellation of such forward contracts is recognised as income/ expense of the period.

Foreign Branches

In respect of the foreign branches, being integral foreign operations, all revenues and expenses (except depreciation) 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 Profit and Loss Account.

8. 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 hedges applying the recognition and measurement principles set out in the Accounting Standard (AS) 30 "Financial Instruments: Recognition and Measurement". Accordingly, the Company records the 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 profit and loss account. (Refer Note No. 14 of Schedule 12B).

9. Employee Benefits

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

Payments to defined contribution retirement schemes are expensed as incurred. For defined benefit schemes and other long-term benefit plans, (compensated absences) the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at balance sheet date. Actuarial gains and losses are recognized in full in the profit and loss account 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 amortised 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 reduction in future contributions to the scheme.

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 within a year and bonus payable.

10. Borrowing Cost

Borrowing cost 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.

11. Leases

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. Lease payments are apportioned between finance charge and reduction in outstanding liability.

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.

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

12. 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 tax rates and in the case of deferred tax assets, on consideration of prudence, are recognized and carried forward to the extent of reasonable certainty/ virtual certainty, as the case maybe.

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 ICAI. MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. At each balance sheet date the Company reassesses MAT credit assets, to the extent they become reasonably certain or virtually certain of realization, as the case may be and adjusts the same accordingly.

In the event of unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only to the extent that there is virtual certainty 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 the entity intends to settle the asset and liability on a net basis.

13. 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 Profit and Loss Account 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.

14. 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.

15. Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events 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.

B) NOTES FORMING PART OF ACCOUNTS

1) Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances) ₹ 264.17 million (Previous year ₹ 197.74 million).

2) Contingent Liabilities in respect of

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

b) Income Taxes:

i. The Income tax assessment of the Company for Assessment year 2008-09 was completed during the year and demand amounting to ₹ 37.81 million (Previous year Nil) was made on the Company, mainly on account of disallowance of foreign exchange loss as business expenses. The Company has filed an appeal against such order with the Appellate authority and is hopeful of getting a favourable decision. Accordingly, no provision is considered necessary at this stage.

ii. Income tax of ₹ 7.40 million (Previous year ₹ 7.40 million) for Assessment year 2004-05, disputed in appeal and pending decision. Company is hopeful of getting a favourable decision.

c) Guarantee given by the Company to a bank on behalf of the Company's wholly-owned subsidiary ₹ Nil (Previous year ₹ 240 million).

3) Share based Compensation (ESOP)

a) Nil (33,076) warrants is the balance outstanding as at December 31, 2011 and 2010 respectively under Employee Stock Option Scheme – 1999 (ESOP 1999) of ₹ 0.03 each. The particulars of warrants lapsed on expiry of Scheme during the year are tabulated below under (e).

b) 555,280 (851,118) Options is the balance outstanding as at December 31, 2011 and 2010 respectively under Hexaware Technologies Limited – Employee Stock Option ('ESOP – 2002') ('the Plan') at an exercise price being the market price on the date of grant of Options or average closing price on the primary stock exchanges, whichever is higher in accordance with SEBI guidelines in force at the time of the grant or such price that may be determined by the Remuneration and

Compensation Committee ('Committee'). Each Option entitles the holder to exercise the right to apply for and seek allotment of one equity share of ₹ 2/- each. The Options shall vest in four equal instalments or as determined at the discretion of the Committee. The particulars of options granted and lapsed under the Scheme are tabulated below under (e).

c) In 2007 the shareholders of the Company approved the ESOP Scheme 2007 ('ESOP – 2007') under which such number of equity shares and or other instruments or securities could be granted not exceeding five percent of the issued equity shares of the Company as on the date of such grant.

Details of options granted duly approved by the Committee under the said scheme are as under:

Grant Date	Category	No. of Options granted	Exercise Price	Vesting period
Jan. 10, 2011	ESOP	1,330,000	₹ 59.25	Until Jan. 10, 2015
Jan. 12, 2011	ESOP	160,000	₹ 59.08	Until Jan. 12, 2015
Feb. 15, 2011	ESOP	218,000	₹ 51.98	Until Feb. 15, 2015
Apr. 27, 2011	ESOP	60,000	₹ 69.95	Until Apr. 27, 2015
Apr. 28, 2011	ESOP	120,000	₹ 71.10	Until Apr. 28, 2013
July 26, 2011	ESOP	1,061,500	₹ 79.85	Until July 26, 2015

The options are granted at an exercise price being the market price on the date of grant of Options or average closing price on the primary stock exchanges, whichever is higher in accordance with SEBI guidelines in force at the time of the grant or such price that may be determined by the Remuneration and Compensation Committee ('Committee'). Each option entitles the holder to exercise the right to apply for and seek allotment of one equity share of ₹ 2/- each. The options shall vest in four equal instalments or as determined at the discretion of the Committee. No options shall be granted under the scheme after September 10, 2014 (closing date). The particulars of options granted and lapsed under the Scheme are tabulated below under (e).

d) In 2008, the shareholders of the Company approved the ESOP Scheme 2008 ('ESOP – 2008') under which such number of equity shares and/ or other instruments or securities could be granted not exceeding two percent of the issued equity shares of the Company as on the date of such grant.

The options are granted at an exercise price being the market price on the date of grant of Options or average closing price on the primary stock exchanges, whichever is higher in accordance with SEBI guidelines in force at the time of the grant or such price that may be determined by the Remuneration and Compensation Committee ('Committee'). Each option entitles the holder to exercise the right to apply for and seek allotment of one equity share of ₹ 2/- each. The options shall vest in four equal instalments or as determined at the discretion of the Committee. No options shall be granted under the scheme after October 23, 2015 (Closing date).

e) The particulars of number of warrants/ options granted and lapsed under the aforementioned Schemes are tabulated below.

	ESOP-1999		ESOP-2002		ESOP-2007		ESOP-2008		Total	
Particulars	Warrants (nos.)	Weighted avg. ex. price per share (₹)	Option (nos.)	Weighted avg. ex. price per share (₹)	Option (nos.)	Weighted avg. ex. price per share (₹)	Option (nos.)	Weighted avg. ex. price per share (₹)	Option (nos.)	Weighted avg. ex. price per share (₹)
Outstanding as at the beginning of the year	33,076	4.50	851,118	13.00	9,494,308	14.24	689,644	31.59	11,068,146	15.20
	(37,076)	(4.50)	(2,207,848)	(13.81)	(13,135,984)	(12.13)	(280,524)	(5.00)	(15,661,432)	(12.22)
Granted during the year	-	-	-	-	2,949,500	66.82	-	-	2,949,500	66.82
	-	-	-	-	(874,000)	(40.28)	(550,000)	(38.34)	(1,424,000)	(39.53)
Exercised during the year	-	-	239,838	12.50	2,542,144	11.78	174,486	31.27	2,956,468	12.99
	-	-	(1,081,230)	(7.62)	(1,968,882)	(12.35)	(50,378)	(5.00)	(3,100,490)	(10.58)
Lapsed during the year	33,076	4.50	56,000	20.31	735,340	26.64	336,478	33.22	1,160,894	27.61
	(4,000)	(4.50)	(275,500)	(40.60)	(2,546,794)	(13.77)	(90,502)	(5.00)	(2,916,796)	(16.01)
Outstanding as at the year end	-	-	555,280	12.48	9,166,324	30.85	178,680	28.83	9,900,284	29.78
	(33,076)	(4.50)	(851,118)	(13.00)	(9,494,308)	(14.24)	(689,644)	(31.59)	(11,068,146)	(15.20)
Exercisable as at the year end	-	-	72,200	12.45	1,309,084	16.83	550	5.00	1,381,834	16.60
	(33,076)	(4.50)	(62,000)	(19.61)	(1,586, 272)	(11.58)	(37,232)	(5.00)	(1,718,580)	(11.59)

Figures for the previous year are given in brackets.

Notes:

i) Consequent to change in the capital structure of the Company during the year on account of Issue of bonus shares (1:1), the number of resultant options are proportionately increased and the exercise price is reduced for all ESOP schemes. The information regarding the number of warrants/ options allotted, exercised and lapsed in the previous year has been restated on that basis in paragraph a) to e) above.

ii) The following table provides details in respect of range of exercise price and weighted average remaining contractual life (in months) for the options outstanding under ESOP 2002, 2007 and 2008 schemes as at December 31, 2011:

	Year 2011		Year 2010	
Range of exercise price	**Options**	**Weighted average remaining life**	**Options**	**Weighted average remaining life**
1 – 13.3	6,188,284	51	9,533,070	63
27 – 50.5	918,500	63	1,494,000	76
51.98 – 85.5	2,793,500	76	8,000	1
TOTAL	**9,900,284**		**11,035,070**	

The movement in deferred Employee Compensation Expense during the year is as follows:

(₹ Million)

Particulars	Year 2011	Year 2010
Balance at the beginning of the year	5.01	9.37
Add : Recognised during the year	-	2.25
Less : Amortisation expense	2.24	6.61
Less : Reversal due to forfeiture	1.33	-
Balance carried forward	1.44	5.01

For the year ended December 31, 2011 the Company has recorded stock compensation expense of ₹ 2.24 million (Previous year ₹ 6.61 million).

f) The Company has followed the Intrinsic Value-based method of accounting for stock options granted after January 1, 2006 based on Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. 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, the Company's net income would be lower by ₹ 48.99 million (Previous year lower by ₹ 15.70 million) and earnings per share as reported would be lower as indicated below:

(₹ Million)

Particulars	Year 2011	Year 2010*
Basic Earning per share		
- As reported (In ₹)	7.94	3.21
- Adjusted (In ₹)	7.77	3.16
Diluted Earnings per share		
- As reported (In ₹)	7.75	3.13
- Adjusted (In ₹)	7.59	3.07

* Earnings per share for previous year has been adjusted for bonus issue during the year.

The Company has adopted Black Scholes option pricing model to determine the fair value of stock options. The fair value of each option granted in 2011 and 2010 are estimated on the date of grant based on the following assumptions:

	ESOP 2007							ESOP 2008	
	Stock Options							Stock Options	
Particulars	**Grant dated July 28, 2010**	**Grant dated January 10, 2011**	**Grant dated January 12, 2011**	**Grant dated February 15, 2011**	**Grant dated April 27, 2011**	**Grant dated April 28, 2011**	**Grant dated July 26, 2011**	**Grant dated January 28, 2010**	**Grant dated April 28, 2010**
Dividend yield (%)	1.42%	1.42%	1.96%	1.96%	1.96%	1.96%	1.96%	1.14%	1.14%
Expected life (years)	4-5.50 years	4-5.50 years	4-5.50 years	4-5.50 years	4-5.50 years	4-4.50 years	4-5.50 years	4-5.50 years	4-5.50 years
Risk free interest rate (%)	5.00%-7.37%	7.85%-8.01%	8.03%-8.06%	8.08%-8.15%	8.03%-8.06%	8.09%-8.10%	8.33%-8.34%	6.80%-7.26%	7.06%-7.55%
Volatility (%)	57.91%-62.54%	58.25%-63.60%	58.24%-63.59%	58.09%-63.66%	58.12%-63.65%	61.39%-63.63%	57.82%-63.37%	60.43%-92.17%	58.98%-92.41%

4) a) The Provision for current income tax is aggregate of the balance tax for three months ended March 31, 2011 based on the returned income for the year ended March 31, 2011 and the provision based on the taxable income for the remaining nine months up to December 31, 2011, the actual tax liability, for which, will be determined on the basis of the results for the year ending March 31, 2012.

b) Net deferred tax asset has not been recognised considering the requirement of AS 22 relating to reasonable/ virtual certainty.

c) Considering the future profitability and taxable positions in the subsequent years, the Company has recognised the 'MAT Credit entitlement' of ₹ 269.72 million (Previous year ₹ 84.71 million) as an asset by crediting the profit and loss account for an equivalent amount and disclosed under 'Loans and advances' (Schedule 5) 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 ICAI.

5) Related Parties

The Company has entered into transactions with following related parties:

Sr. No.	Name of the Related Parties	Country
	Subsidiaries	
1.	Hexaware Technologies Inc.	United States of America
2.	Hexaware Technologies UK Ltd.	United Kingdom
3.	Hexaware Technologies Asia Pacific Pte. Ltd.	Singapore
4.	Hexaware Technologies GmbH.	Germany
5.	Hexaware Technologies Canada Ltd.	Canada
6.	Caliber Point Business Solutions Ltd.	India
7.	FocusFrame Europe BV	Netherland
8.	Hexaware Technologies, Mexico S. De. R.L. De. C.V.	Mexico
9.	Risk Technology International Limited	India
10.	Hexaware Technologies SRL, Argentina * #	Argentina
11.	Hexaware Technologies DO Brazil Ltd, Brazil #	Brazil
12.	Rampran Infotech Ltd.	India
	Key Management Personnel (KMP)	
13.	Mr. Atul K. Nishar – Chairman	
14.	Mr. R. V. Ramanan – Executive Director and President Global Delivery	
15.	Mr. P. R. Chandrasekar – Vice Chairman and CEO	
	Others	
16.	Hexaware Technologies Employee Stock Option Trust	

Notes: # Held by nominees of Hexaware Technologies UK Ltd.

* Application made by Company to General Justice Bureau of Argentina to strike off its name as on November 17, 2011.

Transactions with parties are:

(₹ Million)

Nature of Transactions	Subsidiaries	Key Management Personnel	Others	Total
1) Finance (Including loans and equity contributions) in cash or in kind				
a) Loans Given				
Balance as at January 1, 2011	4.00	-	-	4.00
	(16.30)	(-)	(0.41)	(16.71)
Fresh loans during the year	82.50	-	-	82.50
	(-)	(-)	(-)	(-)

(₹ Million)

Nature of Transactions	Subsidiaries	Key Management Personnel	Others	Total
Repaid/ adjusted during the year	4.00	-	-	4.00
	(12.30)	(-)	(0.41)	(12.71)
Balance as at December 31, 2011	82.50	-	-	82.50
	(4.00)	(-)	(-)	(4.00)
b) Investment in Equity (including share application money)				
Balance as at January 1, 2011	2,069.67	-	-	2,069.67
	(2,040.26)	(-)	(-)	(2,040.26)
Add : Purchased during the year	-	-	-	-
	(29.41)	(-)	(-)	(29.41)
Balance as at December 31, 2011	2,069.67	-	-	2,069.67
	(2,069.67)	(-)	(-)	(2,069.67)
c) Guarantee and Collateral – Caliber Point Business Solutions Ltd.	-	-	-	-
	(240.00)	(-)	(-)	(240.00)
2) Software and consultancy income	3,479.65	-	-	3,479.65
	(2,238.81)	(-)	(-)	(2,238.81)
3) Software and development expenses – subcontracting charges	216.61	-	-	216.61
	(295.87)	(-)	(-)	(295.87)
4) Interest and other Income	0.20	-	-	0.20
	(1.48)	(-)	(-)	(1.48)
5) Reimbursement of cost to	81.33	-	-	81.33
	(66.25)	(-)	(-)	(66.25)
6) Receiving of services	4.72	19.49	-	24.21
	(0.74)	(13.68)	(-)	(14.42)
7) Recovery of cost/advances from	361.36	-	-	361.36
	(327.82)	(-)	(-)	(327.82)
8) Purchase of Assets	-	-	-	-
	(0.22)	(-)	(-)	(0.22)
9) Closing Balances as on December 31, 2011				
Receivable towards software and consultancy income	1,239.98	-	-	1,239.98
	(701.96)	(-)	(-)	(701.96)
Advances	258.60	-	-	258.60
	(92.66)	(-)	(-)	(92.66)
Payable towards services and reimbursement of cost	1,073.54	-	-	1,073.54
	(639.22)	(-)	(-)	(639.22)
10) Employee Stock Options (Nos.)				
Granted during the year				
R. V. Ramanan	-	250,000	-	250,000
	(-)	(-)	(-)	(-)

Note: Previous year figures are given in brackets.

Out of the above items transactions with subsidiaries and Key Management Personnel in excess of 10% of the total related party transactions are as under:

(₹ Million)

Transaction	Current Year Amount		Previous Year Amount
a) Loans given Subsidiaries Granted During the year - Caliber Point Business Solution Ltd.	82.50		-
		82.50	-
Repaid/ adjusted during the year			
- Risk Technology International Limited	4.00		12.30
		4.00	12.30
b) Software & Consultancy Income			
Subsidiaries			
- Hexaware Technologies Inc.	2,732.77		1,700.76
- Hexaware Technologies GmbH	423.35		303.20
		3,156.12	2,003.96
c) Expenditure			
- Software and development expenses – subcontracting charges			
- Hexaware Technologies Inc.	205.83		267.42
- Reimbursement of Cost			
- Hexaware Technologies Inc.	-		4.28
- Hexaware Technologies UK Ltd.	40.09		33.06
- Hexaware Technologies Asia Pacific Pte Ltd.	35.05		26.79
- Receiving of Services			
- Caliber Point Business Solutions Ltd.	4.72		0.74
		285.69	332.29
Remuneration			
Key Management Personnel			
R. V. Ramanan		19.49	13.68
d) Income			
Interest & Other Income			
Subsidiaries			
- Risk Technology International Limited		-	1.48
e) Recovery of cost/ Advances during the year			
Subsidiaries			
- Hexaware Technologies Inc.		302.57	265.40
f) Purchase of Assets			
- Risk Technology International Limited		-	0.22
g) Investment in Equity (including share application money)			
Addition during the year			
Subsidiaries			
- Hexaware Technologies, Mexico S. De. R.L. De. C.V.		-	29.41

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

(₹ Million)

Name of party	Relationship	Amount outstanding as at December 31, 2011	Maximum amount outstanding during the year
Risk Technology International Ltd.	Wholly Owned Subsidiary	- (4.00)	4.00 (16.30)
Caliber Point Business Solutions Ltd.	Wholly Owned Subsidiary	82.50 (-)	82.50 (-)

Notes :

1. Interest @7% per annum is charged on the above outstanding loan. Loan is repayable in the year 2014.
2. Loans to employees as per the Company's policy are not considered.
3. There are no investments by the loanee in the shares of the Company.
4. Recoverable cost/ Recoverable advances not included above.
5. Figures for the previous year are given in brackets.

7) Segments:

The Company has presented data relating to its segments based on its consolidated financial statements, which are presented in the same annual report. Accordingly, in terms of the provisions of Accounting Standard (AS 17) "Segment Reporting", no disclosures related to segments are presented in its stand-alone financial statements.

8) Earnings Per Share (EPS)

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

(₹ Million)

Particulars	Year 2011	Year 2010
Net profit after tax and before Exceptional Item	2,319.81	561.87
Add : Exceptional Item	-	366.40
Net Profit after Exceptional Item	2,319.81	928.27
Net Income available to equity shareholders	2,319.81	928.27
Weighted average outstanding equity shares considered for basic EPS (Nos.)	292,341,279	*289,333,818
Basic Earnings per share : (In ₹)		
Before exceptional item	7.94	1.94
After exceptional item	7.94	3.21
Weighted average outstanding equity shares considered for basic EPS (Nos.)	292,341,279	*289,333,818
Add : Effect of dilutive issue of stock options (including share application money received on exercise of options) (Nos.)	7,018,987	*7,817,318
Weighted average outstanding equity shares considered for diluted EPS (Nos.)	299,360,176	*297,151,136
Diluted Earnings per share : (In ₹)		
Before exceptional item	7.75	1.89
After exceptional item	7.75	3.13

* Earnings per share for previous year has been adjusted for bonus issue during the year.

9) a) Managerial Remuneration:

(₹ Million)

Particulars	For the year ended 31-12-2011	For the year ended 31-12-2010
Executive Wholetime Director		
- Salaries and allowances	10.62	9.08
- Contribution to Provident and Other funds	0.39	0.33
- Perquisites	8.48	4.27
TOTAL	**19.49**	**13.68**
Non-Executive Directors		
- Commission	6.00	4.70

Notes:

1) The above does not include value of gratuity benefit and benefit towards leave balances since the same is actuarially valued for the Company as whole.
2) Above amount does not include remuneration paid by subsidiary company to the directors aggregating to ₹ 74.31 million (Previous year ₹ 64.11 million) and stock based compensation expense recognized in employment expenses aggregating to ₹ 1.62 million (Previous year ₹ 3.06 million).

b) Computation of net profit in accordance with Section 198 read with Section 309 (5) of the Companies Act, 1956, and calculation of commission payable to non-whole time directors.

(₹ Million)

Particulars	For the Year ended 31-12-2011	For the Year ended 31-12-2011	For the Year ended 31-12-2010	For the Year ended 31-12-2010
Net Profit after tax and after exceptional item as per Profit and Loss Account		2,319.81		928.27
Add :				
Remuneration to whole-time-director	19.49		13.68	
Directors' Sitting Fees	2.40		1.28	
Provision for doubtful debts	(102.91)		(39.60)	
Depreciation as per Books of Accounts	188.97		176.20	
Provision for Income Tax	224.23		89.13	
Commission to Non whole-time Director	6.00		4.70	
		338.18		245.39
Less :				
(Loss)/ Profit on sale of Investment (Net)	(0.39)		0.00	
Profit on sale of Asset	1.24		190.48	
Depreciation as envisaged under Section 350 of the Companies Act	188.97		176.20	
		189.82		366.68
Net Profit on which commission is payable		2,468.17		806.98
Maximum allowed as per Companies Act, 1956 at 1%		24.68		8.07
Commission provided for		6.00		4.70

10) Employee benefit plans:

i) Defined contribution plans viz Provident Fund and Superannuation Fund:

Eligible employees receive benefits from a Provident Fund Trust which is a defined contribution plan. 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. The Company pays a part of the contributions to Hexaware Technologies Limited Employees Provided Fund Trust (the 'Trust'). The remaining portion of Company's contribution is contributed to the Government administered Employees 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.

Certain employees of the Company are entitled to benefits under superannuation, 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 recognised such contributions as an expense when incurred and have no further obligation to the plan beyond their contributions.

Amounts recognized as expenses towards contributions to provident fund and other funds, superannuation funds by the Company are ₹ 161.95 million (Previous year ₹ 114.29 million) and ₹ 4.65 million (Previous year ₹ 3.79 million) respectively for the year ended December 31, 2011.

ii) Post employment defined benefit plans:

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 year 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 December 31, 2011 as required under AS 15 (Revised).

(₹ Million)

Particulars	Current Year	Previous Year
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	**223.95**	**195.08**
Current Service Cost	48.92	41.02
Interest Cost	20.95	17.36
Actuarial losses/ (gains)	(19.80)	(21.40)
Benefits paid	(22.24)	(11.95)
Liabilities assumed on acquisition	-	3.84
Closing Defined Benefit Obligation	**251.78**	**223.95**
Change in the Fair Value of Assets		
Opening Fair Value of Plan Assets	**143.95**	**108.33**
Expected Return on Plan Assets	12.77	8.93
Actuarial gains/ (losses)	0.61	2.61
Contribution by Employer	19.00	36.03
Benefits paid	(22.25)	(11.95)
Closing Fair Value of Plan Assets	**154.08**	**143.95**
Net Liability as per Actuarial Valuation	**97.70**	**80.00**

Expense for the year:

Particulars	Current Year	Previous Year
Current Service Cost	48.92	41.02
Interest on Defined Benefit Obligation	20.95	17.36
Expected Return on Plan Assets	(12.77)	(8.93)
Actuarial losses/ (gains)	(20.41)	(24.01)
Total Included in Employment Expenses	**36.69**	**25.44**

Actual Return on Plan Assets	13.37	11.54

Category of Assets as on December 31, 2011 (Insurer Managed Fund)	154.08	143.95

Experience Adjustments:	31-Dec-11	31-Dec-10	31-Dec-09	31-Dec-08	31-Dec-07
Defined Benefit Obligation	251.78	223.95	195.08	197.85	129.91
Plan Assets	154.08	143.95	108.33	56.42	41.15
Surplus/ (Deficit)	(97.70)	(80.00)	(86.75)	(141.43)	(88.76)
Experience Adjustment on Plan Liabilities	(4.20)	(18.36)	(19.00)	(28.20)	(9.42)
Experience Adjustment on Plan Assets	0.61	2.61	0.80	1.67	0.16

The Company is expected to contribute ₹ 50.00 million to gratuity funds for the year ended December 31, 2012.

Financial Assumptions at the Valuation Date:

	Year 2011	Year 2010
Discount rate	8.55%	7.95%
Rate of increase in compensation levels of covered employees	10% for first year and 7.5% thereafter	10% for first year and 7.5% thereafter
Expected Rate of return on plan assets (*)	8.00%	8.00%

* 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, since the fund is manage by LIC.

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

Asset allocations

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

11) The Company takes on lease office space and accommodation for its employees under various operating leases. The lease rentals recognised in the Profit and Loss Account under various non-cancellable operating leases is ₹ 41.98 million (Previous year ₹ 27.32 million). Non-cancellable sublease rental recognised in the profit and loss account on account of subleasing of the leased premises is ₹ 40.46 million (Previous year ₹ 42.77 million). The future minimum lease payments and payment profile of the said leases are as follows:

(₹ Million)

Particulars	As at 31st December 2011	As at 31st December 2010
Not later than one year	40.02	41.89
Later than one year but not later than five years	47.40	14.03
TOTAL	**87.42**	**55.92**

Minimum sublease payments expected to be received in future are as follows :

(₹ Million)

Particulars	As at 31st December 2011	As at 31st December 2010
Not later than one year	18.52	31.17
Later than one year but not later than five years	12.83	-
TOTAL	**31.35**	**31.17**

12) During the year the Company in its Extra Ordinary General Meeting held on 15th February 2011 approved:

a) Reclassification of Authorised Share Capital of 3,000,000 Preference Shares of ₹ 100/- each to 150,000,000 Equity Share of ₹ 2/- each.

b) Allotment of 145,545,781 shares of face value of ₹ 2/- each, as fully paid up bonus shares, by utilization of Securities Premium Account.

13) Exceptional item in 2010 represents

a) Profit on sale of surplus assets ₹ 636.94 million.

b) The Company had entered into large IT service contract over a period of five years, this contract included absorbing certain identified employees of the customer, along with related employee obligations. The Company had accounted obligations of employee amounting to ₹ 270.54 million based on crystallized restructuring plan.

14) Derivative Instruments:

a) The Company has following outstanding derivatives instruments:

(i) Forward exchange contracts to Sell US Dollar 159.88 million and Sell Euro 9.39 million and Buy Euro 0.43 million (Previous year Sell US Dollar 103.65 million and Sell Euro 15.84 million) are outstanding as of December 31, 2011.

(ii) Fair value (net loss) of the derivative instruments identified as cash flow hedges is ₹ 798.55 million (Previous year net gain of ₹ 194.02 million) as at December 31, 2011.

(iii) The movement in Hedging Reserve Account during year ended December 31, 2011 for derivatives designated as Cash Flow Hedges is as follows:

(₹ Million)

Particulars	Year 2011	Year 2010
Balance at the beginning of the year	249.79	(403.75)
Losses/ (Gains) transferred to income statement on occurrence of forecasted hedge transaction	(70.81)	290.84
Changes in the fair value of effective portion of outstanding cash flow derivative	(1,083.91)	326.34
Net derivative losses related to a discontinued Cash Flow Hedge	-	36.36
Balance at the end of the year	(904.93)	249.79

Net loss of ₹ 904.93 million recognised in Hedging Reserve as of December 2011 is expected to be classified to Profit and Loss Account over two years.

b) As of the balance sheet date the Company has the net payable foreign currency exposure that are not hedged by a derivative instrument or otherwise amounting to ₹ 58.03 million (Previous year payable ₹ 258.20 million).

15) "Provision Others" includes provisions towards expenditure relating to fixed assets and employee benefit obligations on contract acquisition, the outflow for which is expected in the next year.

(₹ Million)

	Year 2011	Year 2010
Opening provision	259.22	31.04
Provision made during the year	49.79	259.22
Repaid/ Adjusted during the year	29.55	31.04
Closing provision	279.46	259.22

16) Additional information pursuant to the provisions of Paragraphs 3, 4C and 4D of Part II of Schedule VI of the Companies Act, 1956 (to the extent applicable).

I. The Company is engaged in providing software solutions and consultancy services. The production procurement and sale of such software cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details as required under paragraphs 3 and 4C of Part II of Schedule VI of the Companies Act, 1956.

II. CIF value of Imports:

(₹ Million)

Particulars	For the year ended 31.12.2011	For the year ended 31.12.2010
a) Capital Goods	108.43	11.30

III. Expenditure in Foreign Currency (Including expenses in foreign branches):

(₹ Million)

	Particulars	For the year ended 31.12.2011	For the year ended 31.12.2010
a)	Foreign travelling expenses	33.95	11.80
b)	Software Development Expenses	440.78	488.33
c)	Employment Expenses	286.87	170.50
d)	Rent	10.69	6.42
e)	Business promotion, seminar and conference expenses	5.40	4.08
f)	Legal and professional charges	22.60	25.71
g)	Communication expenses	2.41	0.87
h)	Foreign Taxes	1.65	5.04
i)	Miscellaneous	9.94	4.42

IV. 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 Dividend-2010 (Final Dividend 2009)	Interim Dividend-2011-Q1 (Interim Dividend 2010)	Interim Dividend-Q2	Interim Dividend-Q3
Net amount remitted (₹ million)	1.23	0.92	1.83	1.94
	(0.62)	(0.45)	(-)	(-)
Number of shares held by	879,402	1,836,619	1,833,468	1,943,977
non-resident shareholders	(773,632)	(747,691)	(-)	(-)
Year to which dividend relates	2010	2011	2011	2011
	(2009)	(2010)	(-)	(-)
Number of non-resident shareholder	601	649	656	675
	(671)	(624)	(-)	(-)

Figures for the previous year are given in brackets.

V. Earnings in foreign currency:

(₹ Million)

Particulars	For the year ended 31-12-2011	For the year ended 31-12-2010
a) Income from software solutions and consulting services	6,564.61	4,080.99
b) Interest Income	0.24	0.26

17) The figures for the previous accounting year have been regrouped/rearranged wherever necessary to correspond with the figures of the current year and are disclosed in brackets. Amounts and other disclosures for the preceding year are included as an integral part of the current year financial statement and are to be read in relation to the amounts and other disclosures relating to the current year.

Schedules 1 to 12 form an integral part of the accounts
In terms of our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants

R. D. Kamat
Partner

Place : Mumbai
Date : February 2, 2012

For and on behalf of the Board

Atul K. Nishar
(Chairman)

P. R. Chandrasekar
(Vice Chairman & Global CEO)

R. V. Ramanan
(Executive Director and President – Global Delivery)

L. S. Sarma
(Director)

Shailesh Haribhakti
(Director)

Preeti Mehta
(Director)

S. Doreswamy
(Director)

Bharat Shah
(Director)

S. K. Mitra
(Director)

Ashish Dhawan
(Director)

Abhay Havaldar
(Director)

Prateek Aggarwal
(Chief Financial Officer)

Gunjan Methi
(Company Secretary)

Balance Sheet Abstract and Company's General Business Profile

I. REGISTRATION DETAILS

Registration No.	11-69662	Balance Sheet Date	31122011
State Code	11		

II. CAPITAL RAISED DURING THE YEAR (₹ Million)

Pubilc Issue	NIL	Rights Issue	NIL
Bonus Issue	291	Private Placement	NIL

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (₹ Million)

Total Liabilities	12400	Total Assets	12400
SOURCES OF FUNDS			
Subscribed & Paid-up Capital	587	Share Application Money & Warrants	NIL
Reserves and Surplus	7999	Secured Loans	NIL
Unsecured Loans	NIL		
APPLICATION OF FUNDS			
Net Fixed Assets	2938	Investments	2298
Net Current Assets	3350	Miscellaneous Expenditure	NIL
Accumulated Losses	NIL		

IV. PERFORMANCE OF THE COMPANY (₹ Million)

Turnover and Other Income	7235	Total Expenditure	4689
Profit Before Tax	2546	Profit After Tax	2320
Earnings Per Share in ₹		Dividend Rate (%)	200
Basic	7.94		
Diluted	7.75		

V. GENERIC NAMES OF PRINCIPAL PRODUCTS OF THE COMPANY

Item Code No. (ITC Code)	852490	Product Description	SOFTWARE DEVELOPMENT

For and on behalf of the Board

Atul K. Nishar
(Chairman)

P. R. Chandrasekar
(Vice Chairman & Global CEO)

R. V. Ramanan
(Executive Director and President – Global Delivery)

L. S. Sarma
(Director)

Shailesh Haribhakti
(Director)

Preeti Mehta
(Director)

S. Doreswamy
(Director)

Bharat Shah
(Director)

S. K. Mitra
(Director)

Ashish Dhawan
(Director)

Abhay Havaldar
(Director)

Place : Mumbai
Date : February 2, 2012

Prateek Aggarwal
(Chief Financial Officer)

Gunjan Methi
(Company Secretary)

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Nagpur

Caliber Point Business Solutions Ltd.
Survey No. (Part) 38,39,41,42
and 43 in Village Khapri & Dahegoan
MIHAN, SEZ-MADC, Nagpur - 441 108
Tel.: +91-7104-660 800
Fax: +91-7104-660 801

Chennai

Campus
H5, Sipcot IT Park, Navallur Post
Kancheepuram District,
Chennai - 603103
Tel.: +91-044-47451000
Fax: +91-044-27470111

Caliber Point Business Solutions Ltd.
Type-2, #11-13, Origin Tower,
Dr. Vikram Sarahabai
Instronic Estate, Thiruvanmiyur,
Chennai - 600 041
Tel.: +91-44-6630 7000
Fax: +91-44-6630 7010

Bengaluru

3rd Floor, Embassy Icon
2/1, Infantry Road, Bengaluru - 560 001

SINGAPORE

180 Cecil Street,
#09-03, Bangkok Bank Building,
Singapore - 069546
Tel.: +65-63253020

JAPAN

6F Mare Kanda Bldg,
1-3-1, Kajicho Chiyoda-ku,
Tokyo 101-0044, Japan
Tel.: +81-3-3258-5162
Fax: +81-3-3258-5163

AUSTRALIA

Level 26, #44, Market Street
Sydney, NSW 2000, Australia
Tel.: +61 2 9089 8959
Fax: +61 2 9089 8989

DUBAI

P.O. Box No.: 293808,
Dubai Airport Free Zone,
Dubai, UAE
Tel.: +97147017298
Fax: +97147017299

HEXAWARE TECHNOLOGIES LIMITED

Registered Office: 152, Millennium Business Park, Sector III, 'A' Block, TTC Industrial Area,
Mahape, Navi Mumbai – 400 710

PROXY FORM

For Shares in Dematerialised form

DP ID	
CLIENT ID	
NO. OF SHARES HELD	

For Shares in Physical mode

REGD. FOLIO NO.	
NO. OF SHARES HELD	

I/We________________________________s/o, w/o, d/o________________________________
residing at____

____ being member/member(s) of

Hexaware Technologies Limited hereby appoint Mr./Ms.________________________________ residing at

____ or failing him/her

Mr./Ms. ______________________________ residing at ______________________________
____________________________________ as my/our proxy to vote for me/us on my/our behalf at the Nineteenth Annual General Meeting of the Members of Hexaware Technologies Limited to be held on Friday, the 27th day of April, 2012 at 4.00 p.m. at M. C. Ghia Hall, 4th floor, Bhogilal Hargovinddas Building, 18/20, K. Dubhash Marg, Behind Prince of Wales Museum/Kala Ghoda, Mumbai – 400 001 and at any adjournment thereof.

Signed this ____________ day of ____________, 2012.

Affix
₹ 1/-
Revenue
Stamp

Signature
(Please sign across the Stamp)

Note: This form in order to be valid should be duly stamped, completed and signed and must reach the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.

HEXAWARE TECHNOLOGIES LIMITED

Registered Office: 152, Millennium Business Park, Sector III, 'A' Block, TTC Industrial Area,
Mahape, Navi Mumbai – 400 710

ATTENDANCE SLIP

For Shares in Dematerialised form

DP ID	
CLIENT ID	
NO. OF SHARES HELD	

For Shares in Physical mode

REGD. FOLIO NO.	
NO. OF SHARES HELD	

I certify that I am a Registered Shareholder/proxy for the registered shareholder of the Company. I hereby record my presence at the Nineteenth Annual General Meeting of the Members of Hexaware Technologies Limited held on Friday, the 27th day of April, 2012 at 4.00 p.m. at M. C. Ghia Hall, 4th floor, Bhogilal Hargovinddas Building, 18/20, K. Dubhash Marg, Behind Prince of Wales Museum/Kala Ghoda, Mumbai – 400 001 and at any adjournment thereof.

__________________________ __________________________

Member's/ Proxy's name in BLOCK letters   Member's/ Proxy's signature

(Shareholders attending the meeting in person or by proxy are requested to complete the attendance slip and hand over the same at the entrance of the meeting Hall.)

Corporate Information

REGISTERED OFFICE
152, Millennium Business Park,
Sector - III, 'A' Block,
TTC Industrial Area, Mahape,
Navi Mumbai - 400 710
Tel.: +91-22-67919595
Fax: +91-22-67919500

STATUTORY AUDITORS
M/S. Deloitte Haskins & Sells
Chartered Accountants,
Mumbai

INTERNAL AUDITORS
KPMG, Mumbai

REGISTRAR & SHARE TRANSFER AGENT
Sharepro Services (I) Pvt. Ltd.
13 AB, Samhita Warehousing Complex,
2nd floor, Near Sakinaka
Telephone Exchange,
Off. Andheri-Kurla Road,
Sakinaka, Andheri (East)
Tel.: +91-22-67720300/400
Fax: +91-22-28591568

Ms. Gunjan Methi
Company Secretary

YOUR SUCCESS IS OUR FOCUS

152, Millennium Business Park,
Sector - III, 'A' Block, TTC Industrial Area,
Mahape, Navi Mumbai - 400 710

Tel.: 91-22-67919595
Fax: 91-22-67919500

http://hexaware.com/

consulting and design at Atherstone (info@aicl.in)
INVESTOR COMMUNICATIONS