Hexaware TECHNOLOGIES
YOUR SUCCESS IS OUR FOCUS

FORM A

Format of covering letter of the annual audit report to be filed with the stock exchanges

1	*Name of the Company:*	***Hexaware Technologies Limited***
2	*Annual financial statements for the year ended*	***December 31, 2012***
3	*Type of Audit observation*	*Un-qualified*
4	*Frequency of observation*	***NA***
5	*To be signed by-* ☐ *CEO/Managing Director* ☐ CFO ☐ Auditor of the company Refer our audit report dated 11 February 2013 on the standalone and consolidated financial statements of the Company ☐ *Audit Committee Chairman*	For Deloitte Haskins & Sells Chartered Accountants (Firm Registration No. 117366W) R. D. Kamat Partner Membership No. 36822 4/4/2013 13 APR 2013 (Ramanan R V) Executive Director

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URL : www.hexaware.com

Hexaware
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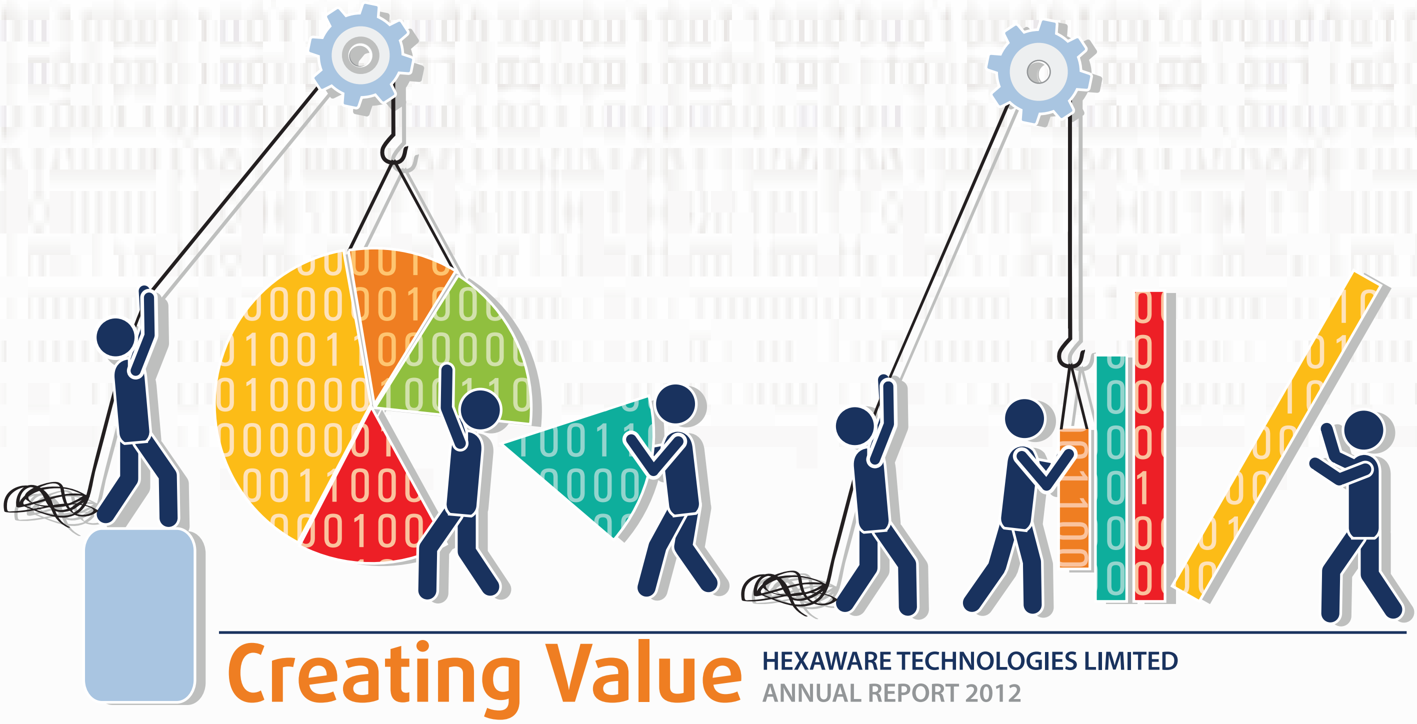


Creating Value

HEXAWARE TECHNOLOGIES LIMITED
ANNUAL REPORT 2012

Contents

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.

Core Values

- We ensure customer satisfaction by adding value and honoring commitments at all times.
- We build transparent lasting relationships and stand for integrity and mutual trust.
- We encourage an entrepreneurial attitude and instill in our employees the desire to excel.
- We embrace and respect diversity while working together as One Hexaware.
- We foster a learning environment and nurture innovative thinking.
- We are committed to building shareholder value and maintaining high standards of corporate governance.
- We strive to be an eco-friendly organization and inculcate good corporate citizenship.

Forward looking statement

This report contains forward-looking statements, which may be identified by their use of words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates' or other words of similar meaning. All statements that address expectations of projections about the future, including but not limited to statements about the Company's strategy for growth, product development, market position, expenditures and financial results, are forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The company cannot guarantee that these assumptions and expectations are accurate or will be realized.

The Company's actual results, performance or achievements could thus differ materially from those projected in any such forward-looking statements. The company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, informative or events.

The Company has sourced the industry information from the publicly available resources and has not verified those information independently.

Chairman's Letter

Atul Nishar, *Chairman*

We continue to leverage our strong technological expertise and domain understanding in our key focus areas to serve our clients that can further our growth momentum.

Dear Shareowners,

Our stellar performance in the year 2012 has been well supported by all around growth in our focused areas. During the year, along with many others significant wins we added a large European Financial Services logo through a multimillion dollar deal. In addition to our traditionally strong service lines, we have witnessed healthy growth in Business Intelligence / Business Analytics (BI/BA) and in the newly launched Remote Infrastructure Management Services (RIMS) horizontal. It is heartening to see such a strong demand of our skill set in these areas as these emerging technologies provide platform for higher future growth. We continue to invest in emerging technologies such as enterprise mobility, social media, cloud computing and big data as we believe they offer significant growth potential.

We continue to leverage our strong technological expertise and domain understanding in our focus areas to serve our clients that can further our growth momentum. During the year, we entered into a strategic alliance with a multi-billion dollar company to establish a large secure Enterprise Resource Planning (ERP) Application Outsourcing services unit. This unit would operate on Build Operate and Transfer (BOT) model to serve its large base of global customers across multiple geographies and industry verticals.

To augment our growth further, both from existing and new logos we have been making consistent investment by increasing the quality and quantity of our front ending teams, enhancing process and methodologies to boost their productivity and reach, creating dedicated mining teams at organizational level and undertaking slew of market development activities to further our brand image and recall. Well supported by these steps, we have been able to increase the average size of our top 10 client segment to USD 18 million in 2012 from USD 11 million in 2010. On new clients addition also we have been consistently adding 10-12 clients every quarter since last two and a half years. By end of 2012, we had an active client roster of 218 leading global corporates.

Our efforts were well recognized by the industry. Amongst many other accolades, we were selected in the International Association of Outsourcing Providers® (IAOP®) Global Outsourcing 100® list. We were recognized for our all around global expertise and for our work in various domains including Human Resources Services, Transaction Processing Services and Air Transportation

Our investments in improving employee morale and productivity have also been bearing fruits in line with our expectation. During the year, the attrition was at a multi-year low single digit. We added 752 employees and our global headcount increased to 9,069 employees.

In line with our corporate road map, we expanded our presence in our 27 acres Green Campus in Siruseri SEZ at Chennai. In Pune, we moved to a larger facility with a seating capacity of 700 employees. Further, 340 employees have been employed by Caliber Point Business Solutions, 100% wholly owned subsidiary of Hexaware at the SEZ campus at Nagpur. During the year, we made a further investment of ₹744 million to improve and expand our physical and technical (IT) infrastructure that can cater to our current and future requirements.

Our efforts were also well recognized by the industry. Amongst many other accolades, we were selected in the International Association of Outsourcing Providers® (IAOP®) Global Outsourcing 100® list. We were recognized for our all around global expertise and for our work in various domains including Human Resources Services, Transaction Processing Services and Air Transportation.

Going ahead we are optimistic on 2013. While the global economy may continue to face sporadic challenges, we are confident on our growth outlook as we believe that IT influence would continue to increase in all major business decisions. Companies across the globe should continue to invest in IT to boost productivity, increase span, stay agile and tap emerging technologies. We continue to seek all organic and inorganic growth opportunities that are in line with our strategic plan and make business sense. We are confident that our well chosen path of maintaining focus on select areas would augur well for the future of our company.

I am pleased to announce that this stellar performance has helped us reward our shareholders in a significant manner with a final dividend of ₹1.20 per share (60%) on equity shares of ₹2/- each, subject to the approval of the shareholders. This brings the total dividend for the year 2012 to ₹5.40 per share (270%) up from ₹4.00 per share (200%) for the year 2011.

As I conclude, I take this opportunity to acknowledge valuable contribution of our employees during the year and also thank our customers, investors and partners for their unwavering support. I look forward to their continued trust and patronage as we step forward into yet another exciting year.

Yours Sincerely,

Atul K. Nishar

Atul Nishar

Chairman

CEO's Communiqué

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

How do you view your Company's performance in the year 2012?

Performance in the year 2012 was encouraging on multiple counts. Despite not so pleasant macroeconomic environment, Hexaware maintained its growth momentum and our revenues grew by 18% in USD and 34% in INR. Our gross and operating margins improved by 80 bps and 280 bps respectively. Supported by higher gross margin, our earnings before interest and taxes (EBIT) grew by 57%, while profit after tax (PAT) grew by 23% to ₹ 3276 million.

During the year, we added 47 new clients and our total client count by end of year was 218. We also increased our average account size to USD 1.7 million against USD 1.6 million in 2011 and USD 1.3 million in 2010. Geography wise, Asia Pacific grew much faster and its contribution to our revenues increased to 7.3% from 6.6%. Industry wise Healthcare & Insurance was the fastest growing vertical and its share to our revenues increased to 16.3% from 13.8% in 2011, while service lines wise BI/BA grew the fastest and its contribution to our revenues increased to 11.9% from 10%.

What would be the key growth drivers and margin levers over the next three to five years?

Since last three years we have been making consistent investment to strengthen and expand our field force presence globally. We now have a healthy mix of Hunters, Account Managers and Practice Professionals globally that would help us to grow our repeat business and new business. We have been continuously investing and strengthening our competencies, both domain and technology specific, in all our focus areas especially in Emerging Technologies such as Mobility, Cloud Computing and Big Data. We expect these new areas to contribute increasing share to our overall growth. Geography wise, we are expanding into faster growing large emerging markets and that should add to our growth momentum.

To deliver healthy margin performance, we maintain multiple cost levers at hand. The key factors include resource utilization, onsite / offshore ratio, cost ratios managed through employee pyramid and bill rates managed across our suite of services offered to clients. While our onsite-offshore mix improved during the year, our utilization dipped a bit during the year. We have taken number of steps based on which we expect our operating margins to improve from early 2013 itself.

What are your plans to tap the growing influence of emerging technologies?

During the year 2012, we have kickstarted a Big Data specific CoE as part of our Business Intelligence and Analytics practice. The CoE provided a platform to build core competencies in areas like Hadoop ecosystem, MapReduce programming, advanced/predictive analytics, statistical modeling and text mining and analytics. We have been broadening our existing strategic partnerships to include Big Data related platforms and have also been forming alliances with focused technology companies to gain access to certain solutions on Big Data platforms.

We have taken several initiatives to strengthen our cloud based value proposition like, Rainmaker, our private cloud, Cloudview, and cloud-based Software as a Service (SaaS) platform for offering HR services, Republic. During the year, we were awarded the EMC Transformers Award by the IDG media group for our Cloud and Disaster Recovery (DR) implementation. Our mobile computing practice offers application development and maintenance capability around Apple® iOS, Google Android, Microsoft Windows 7.x/8 and Research In Motion Blackberry®.

Board of Directors

Standing from Left to Right

Mr. S. K. Mitra
Director

Mr. Bharat Shah
Director

Mr. Ashish Dhawan
Director

Mr. Atul K. Nishar
Founder & Chairman

Sitting from Left to Right

Mr. Shailesh V. Haribhakti
Director

Ms. Preeti Mehta
Director

Standing from Left to Right

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

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

Mr. Abhay Havaldar
Director

Sitting from Left to Right

Mr. L. S. Sarma
Director

Mr. S. Doreswamy
Director

Board of Directors' Profile

Mr. Atul K Nishar, *Founder & Chairman*

Mr. Atul K Nishar founded Hexaware Technologies in 1990. He has been the driving force providing company with strategic direction and marketing focus. Before establishing Hexaware Technologies, Mr. Nishar founded a computer training company, Aptech Limited in 1985. He grew Aptech to a leading global IT training outfit with over 2400 centers across 52 countries and served as its Chairman till 2003.

Mr. Nishar has been associated with several government and trade bodies that play an instrumental role in the development of India's IT Sector. He was the Chairman of NASSCOM in 2000 and continues to be on its Executive Council. Mr. Nishar is a Fellow of the Institute of Chartered Accountants of India and received his Bachelor Degrees in Commerce and Law from University of Bombay.

Mr. P. R. Chandrasekar, *Global CEO & Vice Chairman*

Mr. P. R. Chandrasekar is based out of Hexaware's New Jersey office and has vast experience in business development, channel development, merger and acquisitions and other strategic initiatives. Before joining Hexaware, he served as Head American operations and President Americas and Europe at Wipro. Prior to that, he was Director, Business Development with GE India. Mr. Chandrasekar started his career with ICI India in 1979 and thereafter worked with a California based consulting firm from 1986 to 1995. From 1995 to 2000 he worked with GE Medical Systems.

Mr. Chandrasekar holds a degree in Engineering from the Indian Institute of Technology, Madras and has done his MBA from the Jamnalal Bajaj Institute of Management Studies, Mumbai University.

Mr. R. V. Ramanan, *Executive Director and President Global Delivery*

Mr. R. V. Ramanan joined Hexaware Technologies in 2003. He has been instrumental in establishing and growing new service offerings including QATS and BI/BA horizontal practices at Hexaware Technologies.

Mr. Ramanan has over two decades of experience in managing large delivery operations across multiple geographies. He works closely with a few of Hexaware's key customers, helping them modernize and enhance efficacy of their IT systems. He also has been furthering Hexaware's research and development efforts. Prior to joining Hexaware, Mr. Ramanan worked as the Chief Architect for Citibank implementing Banking Software solutions in the European sector.

Mr. Ramanan holds a Post Graduate degree in Technology from I.I.T. Delhi.

Mr. Abhay Havaldar, *Director*

Mr. Abhay Havaldar established General Atlantic's India office in 2002. He has been investing in Indian businesses since 1996 as a partner at Draper International and Connect Capital. He is a Charter Member of The Indus Entrepreneurs (TiE), a Board member of Society for Innovation and Entrepreneurship (SINE) and a trustee of United Way of Mumbai.

He also serves as a Director on board of several other companies including Jubilant Life Sciences Ltd., IBS Software Services (P) Ltd. and Infotech Enterprises Ltd.

Mr Havaldar 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.

Mr. Ashish Dhawan, *Director*

Mr. Ashish Dhawan is the Founder and CEO of Central Square Foundation. He is an entrepreneur and philanthropist and at present is transitioning from his role as Senior Managing Director, ChrysCapital; a private equity firm that he co-founded in 1999.

He is also a founding member of Ashoka University, India's first Liberal Arts University that is being set-up in Sonipat (Haryana) in collaboration with University of Pennsylvania.

Previously Ashish has worked with leading investment institutions such as Goldman Sachs, GP Investments and MDC Partners. He is an MBA with distinction from Harvard University and a dual bachelor's (BS/BA) holder in applied mathematics and economics with Magna Cum Laude honours from Yale University.

Mr. L. S. Sarma, *Independent Director*

Mr. Sarma has been on the board of Hexaware Technologies Ltd. since March, 2000. Earlier, he has worked for Punjab National Bank, Reserve Bank of India and IDBI, a premier financial institution.

Mr Sarma has spent considerable part of his career abroad. He has carried numerous assignments on Export finance in Africa and South East Asia. Since April 1999 he has been a representative of Botswana Export

Development and Investment Authority. Between 1990 and 1999, Mr Sarma served as the Representative Consultant of the Mauritius Export Development and Investment Authority.

He has also co-authored a publication 'Financing Exports in Developing Countries' published by the International Trade Center, Geneva.

Mr. Shailesh V. Haribhakti, *Independent Director*

Mr. Shailesh Haribhakti has successfully established and led many innovative services. His current passions involve outsourcing of knowledge processes, engaged investing and efficiency and effectiveness enhancement in social, commercial and governmental organisations. He strongly believes in 'shared value' creation, good public and corporate governance and promoting a green environment. He actively promotes these causes and contributes towards their evolution by participating in the process of framing regulations and standards.

Mr. Haribhakti is a Director on the board of public and private companies and holds chairmanship / membership in the regulatory committees of some companies including NSE India, SEBI. Earlier he was President of Indian Merchants' Chamber, Chairman of Corporate Governance Committee of ASSOCHAM, Chairman of WIRC of ICAI, President of BMA and President of IIA, Bombay. Mr. Haribhakti is a Chartered and Cost Accountant, and a Certified Internal Auditor, Financial Planner and Fraud Examiner.

Ms. Preeti Mehta, *Independent Director*

Ms Preeti Mehta is a Partner of Messrs Kanga & Co., a leading firm of Advocates and Solicitors. Ms. Mehta has qualified as a Solicitor both from Mumbai and England. She has been practicing for close to two and a half decades and specializes in mergers & acquisitions, private equity, foreign investment, corporate laws, franchising and banking.

Ms. Mehta serves as a Member of the Law Committee of the Bombay Chamber of Commerce and Industry, a member of the Rotary Club of Bombay and on the Executive Council of the Franchise Association of India (FAI).

Mr. S. K. Mitra, *Independent Director*

Mr. S. K. Mitra is a well respected financial service professional in India. He was instrumental in setting up the Merchant Banking Divisions of Bank of India and Standard Chartered Bank. He was the Country Head - Corporate Banking and Investment Banking at American Express Bank. Thereafter, he worked as Managing Director with GIC Mutual Fund. In 1994 he joined the Aditya Birla Group as a Director and set up a very successful financial services business for the Group.

Mr Mitra has been actively participating in several important Committees and Chambers in India. He has been associated with several reputed companies as a Director and as an Advisor. He is a regular contributor to domestic and international publications and also a regular speaker in various forums. Mr. Mitra is Master of Science in Mathematics and MBA.

Mr. Bharat Shah, *Independent Director*

Mr. Bharat Shah is the Chairman of HDFC Securities Limited. He has been one of the founder members of HDFC bank and joined the bank in 1994 as an Executive Director on its Board. Earlier Mr Shah has worked with Union Bank of Switzerland, Citibank and Thomas Cook.

Mr. Shah also is a Director on board of several other companies. He also acts as an Trustee for Yatra Art Fund, Vanita Vishram Trust, RBK International Academy and Foundation for Liberal & Management Education.

Mr. Shah is Bachelors in Science from the University of Mumbai and also holds a Degree in Applied Chemistry with special reference to Metal Finishing from Borough Polytechnic, London.

Mr. S. Doreswamy, *Independent Director*

Mr. S. Doreswamy was Chairman and Managing Director of Central Bank of India and during his tenure he successfully steered the loss making bank towards growth and profitability. Prior to this, he was the Chairman and Managing Director of Dena Bank and handled multiple administrative and operational assignments.

Mr. S. Doreswamy is a Director on board of several other companies including Caliber Point Business Solutions Limited, Ceat Limited, Pantaloon Retail India Limited, Shakti Sugars Limited and DSP Merill Lynch Trustee Co. Ltd.

Mr. S. Doreswamy is a fellow of the Indian Institute of Banking and Finance, a post graduate in law and a Science graduate.

Management Team

Mr. Atul K. Nishar
Founder & Chairman

Mr. P R Chandrasekar
Global Chief Executive Officer & Vice Chairman

Mr. R V Ramanan
Executive Director & President Global Delivery

Mr. Rajiv Pant
President North America Operations

Mr. Ramanan Seshadri
Executive Vice President & Head Europe Operations

Mr. Uday C Reddy
Senior Vice President APAC – Operations

Mr. Madhu Kumar
Executive Vice President & Global Head – Travel & Transportation

Mr. Ravi Vaidyanathan
Senior Vice President & Global Head – Banking & Financial Services

Mr. N Nataraj
Chief Information Officer & Global Head – Infrastructure Management Services

Mr. Moorthi Chokkanathan
President & Global Head – Enterprise Solutions

Mr. Anand Moorthy
Senior Vice President & Global Head – Quality Assurance & Testing Services

Mr. R U Srinivas
Chief Executive Officer, Caliber Point

Mrs. Amberin Memon
Chief People Officer & Senior Vice President Healthcare & Insurance

Mr. Sreenivas V
Chief Strategy Officer

Mr. Rajesh Kanani
Senior Vice President Corporate Finance & Acting Chief Financial Officer

Creating Value

Deeply ingrained in Our Core Values

Our vision of a successful Hexaware emanates from repeatedly creating successes for our customers, employees, investors and communities among others.

At Hexaware, our stakeholders, external as well as internal, form the sheer purpose of our existence. Creating successes for each one of them has truly been the driving force in our journey ever since our inception 23 years ago.

Our vision of a successful Hexaware emanates from repeatedly creating successes for our customers, employees, investors and communities among others. The beauty of our business philosophy is that the success of one stakeholder group is not achieved at the cost of that of any other. Instead, strengths of every other group get leveraged in creating success of a particular group repeatedly.

Striking a right balance amongst the respective interests of this diverse yet inextricable group of stakeholders is a deft art that we have been mastering through our own cycle of growth. The fact that we have been delivering successes to each one of them regularly gives us tremendous satisfaction. At Hexaware, we call it Creating Value. Having done it well, in good and even not so good times; we confidently advance into an immensely promising future with renewed commitment to create greater value for each of our stakeholders.

We ensure customer satisfaction by adding value and honoring commitments at all times

We encourage an entrepreneurial attitude and instill in our employees the desire to excel

We foster a learning environment and nurture innovative thinking

We are committed to building shareholder value and maintaining high standards of corporate governance

We strive to be an eco-friendly organization and inculcate good corporate citizenship

For our customers, value means a distinct business advantage

At Hexaware, we measure our success in terms of delivered business advantage to our customers.

Governed by our corporate theme line **'Your Success is Our Focus'**, we leverage our domain expertise to create customized solutions that bring transformational results to our customers.

Staying focused in our multiniche verticals, we deploy our respective domain expertise in understanding customer challenges and also proactively mapping customized solutions to them.

After forming a result-oriented partnership, we work with passion, precision and ownership in order to deliver the most optimal solutions that can meet their near term needs and also long term aspirations.

Organizations globally trust Hexaware as preferred long term ally both in good and stressed times

In today's increasingly competitive World, the clients expect their IT partners to bring innovation, speed and precision to their business without straining their bottom-line. Further, the current market uncertainties are making them prune their aggressive expansion plans with the focus on conserving resources. Ironically at the same time, they need to remain in 'future-ready' mode in order to tap opportunities when the business environment turns upside. With Hexaware's approach of customers' interest as our own interest, they find us to be a preferred long term ally even in these stressed times.

At Hexaware, we have hard earned this status of being a trusted partner for our clients. Respecting this very meaningful facet of our relations at all times keeps us in good stead. With our deep domain understanding and technology prowess in select verticals, further backed by our expertise in managing large real time IT applications, we are adequately equipped to respond promptly and suitably to our client's changing needs. We help them create contemporary business solutions with deep insights that in turn help them strategize and maintain nimbleness in responding to the volatile market conditions.

Through our focus on select verticals, we have closely observed how technology, across different business cycles can be a key differentiator and help organizations stay nimble footed to respond to the changing competitive intensity. To meet urgent real time client requirements, we maintain buffer at multiple levels that allows clients huge flexibility in scaling and also help us maintain resource utilization at the most optimum level. Our global delivery model backed by our multi-location presence allows us to be around-the-clock available to address critical client needs and create additional seating capacity for any eventuality.

Through our focused approach we have developed several proprietary solutions that act as accelerators in all current and future engagements and enables significant compression in time-to-value deliverables. Our well defined processes and innovative methodologies with built-in escalation and risk mitigation strategies help us adhere to the desired quality levels and meet promised timelines.

We have invested in building significant onsite delivery and consulting capability to absorb the process overheads of offshore by locating our business practice leaders, account managers and top management team closer to our clients location. This structure enables quicker decision-making and ease of access to customers. Our clients enjoy complete access to our Executive Leadership Team at all times.

For our talent pool, value means consistent career progression

Hexaware, through multiple channels, has been consistently investing to empower its employees, improve their skill set and create a strong team driven culture.

Our modern in-house training centers equipped with contemporary learning aids let our employees evolve every day.

We further hone their skills by providing them global opportunities, multi-faceted roles, easy access to modern tools and technologies, vertical and horizontal movements.

Hexaware attracts and retains the industry best talent. For most of the year its attrition rate was under 10 percent

Enterprises of today create value for its stakeholders by making the best use of their passionate and motivated workforce. At Hexaware, we take utmost pride in our ability to recruit, motivate and retain best available global talent. Our employees across all levels and age groups go through series of training program every year to stay well equipped in accordance with changing market scenario.

Hexaware is an ocean for those who want to dive deep to further their passion in any of our focus verticals or technologies. As a breeding ground for talent, Hexaware helps employees scale up as well as fast track their learning curves. Hexawarians interact with the global experts in the field of their choice and participate regularly in the global forums of their chosen field. Hexawarians work closely with Fortune 500 companies on technologies that would build enterprises of tomorrow. To further stimulate the learning curve of our employees, we collaborate with global business and technology leaders on various global platforms.

Hexaware endeavors to create conducive work environment and employee-friendly HR policies in order to provide a qualitative work-life balance and promote development of team culture. Our employees enjoy extensive interactions, communication and access to the Executive Leadership Team. Hexawarians get to choose from diverse career options befitting their long term aspirations and career progression. Depending on the project requirements, our employees have flexibility to work from any of our eight development centers across India, USA and Mexico befitting their aspirations. We periodically organize rewards, recognition and appreciation programs to recognize the extraordinary contribution of our employees. Our attrition has been consistently declining since the last two years and was under ten percent for most of 2012.

For our investors, value means sustained delivery of accretive returns

A major differentiator for Hexaware is its proven ability to address investors' aspirations on current as well as future returns of their investments.

The fact that we have been delivering ahead of the industry performances consistently gets further strengthened when we compare our margins with those in our peer-group of medium sized companies in our industry.

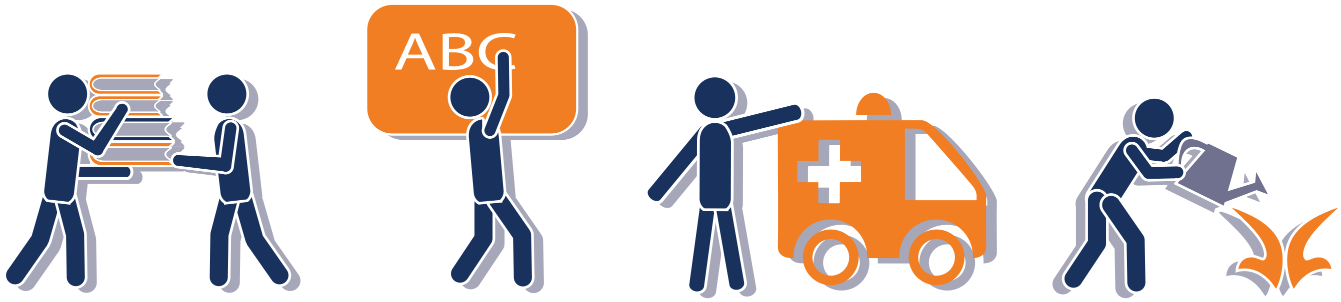
Despite slowdown in industry growth, we maintained our growth momentum and grew well above the industry growth rates

At Hexaware, we have been consistently creating value for our shareholders, through capital appreciation, through regular dividend payouts and by creating sufficient growth avenues. Despite slowdown in industry growth in 2012, we maintained our growth momentum and grew well above the industry growth rates.

We believe that it is our responsibility to judiciously invest investor's capital in order to generate optimal current returns. We remain conscious to the responsibility of protecting their value. Every year, we generate high operating cash flows and unless we have any specific visible requirement, we choose to give it back to where it belongs through regular dividend payouts. This well thought through step does not in any way impinge on our organic or inorganic expansion plan. By virtue of being a zero debt company, we continue to possess a very strong balance sheet.

Further, to ensure that we remain completely focused on our growth and to strive best from ourselves, we have set a three year vision for the company and have developed a strategic roadmap that demands par excellence execution in each of our focused fields.

The unstinting trust and patronage of our shareholders is the biggest critical strength for Hexaware. In order to act as custodian of their best interests, we deploy highest levels of governance practices and business ethics. Our Investor relations function keeps them posted with developments, updates and disclosures which transcends the bare minimum threshold prescribed as statutory obligation by various regulators. We prefer to communicate and engage with our shareholders instead of reporting to them. We work with two of the big four auditors, Deloitte Haskins & Sells (statutory auditor) and KPMG (internal auditor). Over half of our board members are independent directors. In order to leverage their independence to its fullest, important committees of the board of directors are chaired by independent directors.



For Hexaware, value means ensuring wellbeing for many

Uplifting and improving the communities we operate within is paramount to our own well being.

For Hexaware, they too are an equally vital and inextricable part of our business ecosystem and often provide critical ingredients for our success.

As a responsible corporate citizen, we have always acknowledged and reciprocated to their contribution through a slew of environment, educational and health initiatives for the overall welfare of the communities we live in.

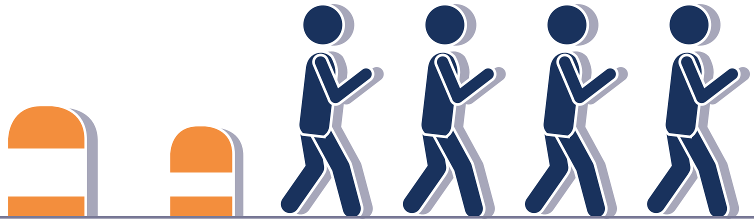
H3O - Helping Hands from Hexaware, promotes the spirit of 'giving back to the society' by continually taking up social responsibility projects.

Hexware, has been consistently contributing with passion and compassion to the positive development of society. Our Corporate Social Responsibility (CSR) activities are not only a pure management directive but something that has been embedded in our core values and principles and is visible across the organization. One such initiative, H3O - Helping Hands from Hexaware, promotes the spirit of 'giving back to the society' by continually taking up social responsibility projects. Through a careful selection of social initiatives and implementation partners, H3O provides a platform with multiple options to our employees, to make a positive contribution to the society. Hexawarians take time out of their busy schedule to associate with these philanthropic initiatives that brings them a sense of satisfaction and pride. A similar initiative, Give India Program allow our employees to choose from about 100 carefully selected NGOs and support a cause of their choice by making a direct contribution from their monthly salary.

A few of our other such initiatives include a stationery donation campaign to the needy in and around Mumbai, a Tree Plantation drive at Bhavale forest land to reduce our carbon footprints, a blood donation camp organized along with Umang Foundation and Blood Bank and 'Click for a Cause & Pause for the Cause' where Hexawarians took time out of their busy schedule to further one of our four CSR programs, viz. Education, Health, Women upliftment and Environment.

For the last eight years, Hexaware has been regularly participating in 'Mumbai Marathon' and during the year the company's contribution towards Marathon was donated for education cause to Helen Keller Institute of Deaf and Deaf blind and Life Trust.

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

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 and simultaneously training arm of Aptech was demerged
- The Company was renamed as Hexaware Technologies Limited

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

2012

- Signs a multi-million Dollar, multi-year deal with a new logo in the Financial Services domain in Europe
- Expands facilities in all the major GDCs located at Chennai, Mumbai, Pune and Bengaluru
- Launches several offerings through SaaS model leveraging Cloud Solutions, Mobile Testing Solutions as a new service offering in Enterprise Mobility
- Ranks in International Association of Outsourcing Providers® (IAOP®) Global Outsourcing 100® list

Geographies

AMERICAS

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

EUROPE

1 United Kingdom
2 Netherlands
3 Belgium
4 Germany
5 France
6 Geneva
7 Austria
8 Spain
9 Hungary

ASIA

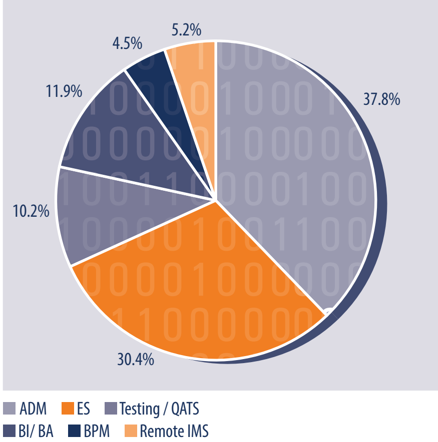
1 Qatar
2 Dubai
3 Saudi Arabia
4 Mumbai
5 Pune
6 Nagpur
7 Bengaluru
8 Chennai
9 Coimbtore
10 Japan
11 Malaysia
12 Singapore
13 Hong Kong
14 Australia
15 New Zealand

2012 Year In Review

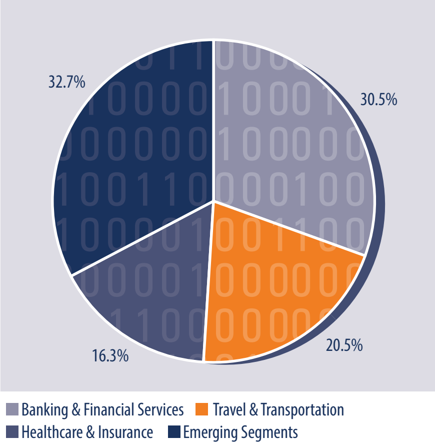
	2012	2011	2010	2009	2008
Income from operations (₹ million)	19,482	14,505	10,546	10,386	11,519
EBITDA (₹ million)	4,040	2,613	905	1,976	1,201
Profit before tax (₹ million)	4,040	3,075	1,168	1,445	745
Profit after tax (₹ million)	3,276	2,670	1,076	1,342	590
EPS - Basic (₹)	11.09	9.13	3.72*	4.67*	2.06*
EBITDA margin (%)	21	18	9	19	10
Profit margin (%)	17	18	10	13	5
Dividend payout ratio (%)	57	51	47	18	28
Cash EPS - (₹)	7.31	4.72	0.41	4.96	2.37
Net-worth (₹ million)	12,038	10,162	9,655	8,497	6,625
Loan funds (₹ million)	-	-	112	163	195
Cash, bank balance including MF (₹ million)	4,472	4,606	4,753	4,118	2,849
Return on average networth (%)	30	27	12	18	9
Debt to equity ratio (%)	-	-	1	2	3

* Retrospectively adjusted for bonus shares issued in year 2011 for comparability

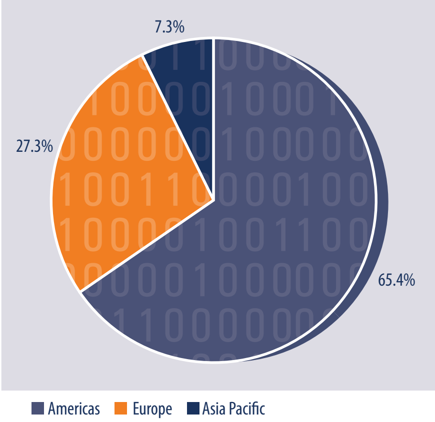
Revenue Split - By Service Lines (%)



Revenue Split - By Vertical (%)



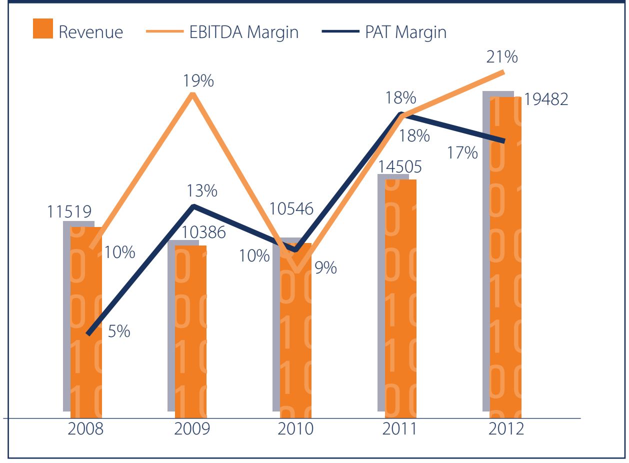
Revenue Split - By Geography (%)



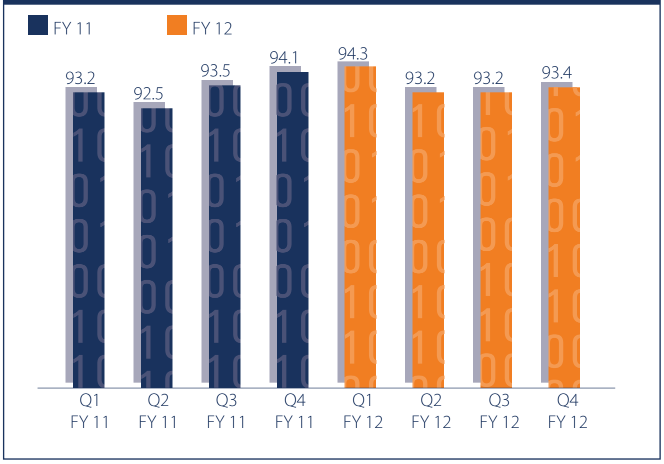
Operational highlights during the year

- Healthy revenue growth of 18% in USD terms; across the board profit margin expansion
- Added 47 new clients
- Net addition of 752 employees, including 525 fresher
- Further improvement in attrition levels, remained in single digit for almost the entire year
- Incurred capital expenditure of ₹744 million
- Expanded facilities in Mumbai, Pune and Chennai
- Facilities expansion planned for Bangalore, Chennai and Mexico

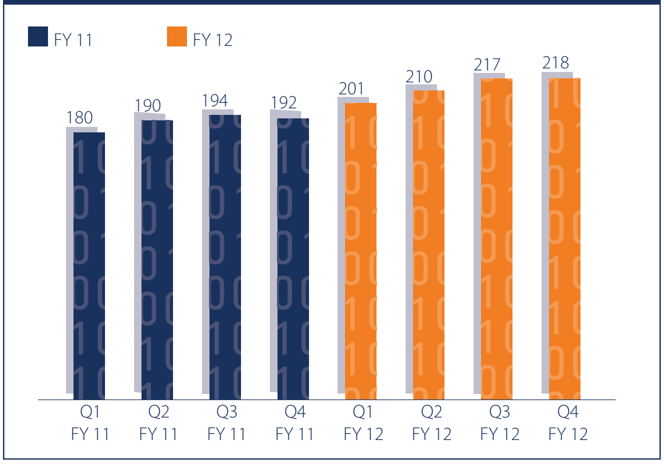
Revenue & Margins



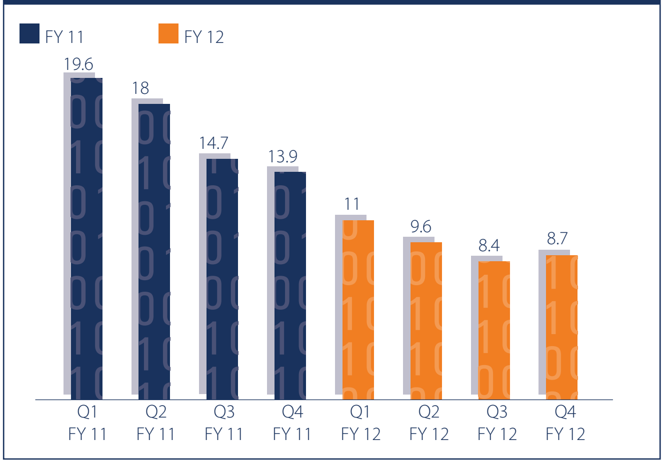
Repeat Business (%)



Clients Billed



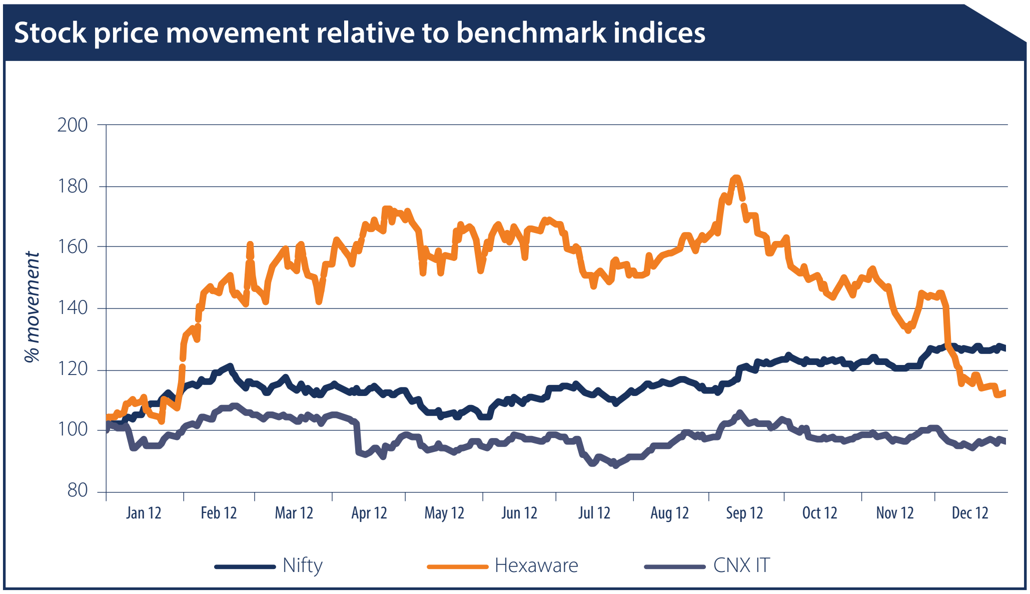
Attrition Rate (%)



Strategic highlights during the year

- Formal Launch of Healthcare and Insurance Vertical
- Continued investments in strengthening competencies and adding depth to the Verticals
- Launch several new differentiated domain specific service offerings
- Significant growth seen in several focus business segments – BFS, BA/BI including in emerging Remote IMS
- Enhanced focus on new technology initiatives such as Cloud, Enterprise Mobility
- Increased the field force for the third successive year and focus remains on growth

Relative Performance



Index Performance

Index	NSE Nifty	CNX IT Nifty	Hexaware (NSE)
Opening	4640.20	6130.15	75.80
Closing	5905.10	6024.95	85.10
Low	4588.05	5460.70	75.00
High	5965.15	6811.30	140.90

Hexaware continued its strong run during the year. Both revenues and operating profit maintained their robust growth momentum.

The company's stock performed very much in line with it and outperformed almost all peers, sectoral indices by wide margin for significant duration in 2012.

Hexaware in News

1

ATUL NISHAR

Nishar, an IT sector veteran, talks about the challenges Hexaware faces, acquisition plans and the road ahead

ONE-ON-ONE

Scale is not the driver; I'm enjoying the run

BY LESLIE D'MONTE

MUMBAI

Atul K. Nishar, founder and chairman of Hexaware Technologies Ltd, is an information technology (IT) sector veteran. He set up computer training company Aptech Ltd in 1985 and was its chairman till early 2003, after which he sold his stake to devote his attention to Hexaware, which he had founded in 1990. Hexaware is now a successful mid-cap IT company listed on stock exchanges in India and

million (around ₹550 crore today) software exports sector when I started. There was no listed company, no pressure of market capitalization or scale.

But some of the other IT companies that started around the same time have grown into billion-dollar firms...

Scale was never really the driving force. I wanted to enjoy what I was doing. We had no business house or godfather or joint venture to support us. So when I started, we had only exclusivism, but no network among global companies. We struggled through the '90s and

at enterprise solutions, testing services, business intelligence, analytics and remote infrastructure management. We will take a new assignment only if it falls within any of these areas. In the last nine years, Hexaware has grown at 22% CAGR (compounded annual growth rate) and over the last nine quarters at 7.2% CQGR (compounded quarterly growth rate). So even during the most challenging phases in the last two years, this strategy has worked for us. We have over 8,500 employees and every quarter we add 10-15 clients.

We do not think pricing is the real issue. Clients want to save costs. So we are finding other ways of doing this—like offshoring more and fixed-price deals rather than cut prices. Hexaware has had a steady offshore-onsite ratio. Talent retention was a problem in 2010 when other companies started poaching from us. But today we have a 9.8% attrition rate, one of the lowest in the IT sector. If we are able to continue to add value, this should not be a worry. The real challenge is growth. Companies have cut

2

Hexaware's Profit Rises 23% in FY12

OUR BUREAU

MUMBAI

Software Services exporter Hexaware reported sales growth of 18% in 2012 despite project delays and weak demand for outsourcing services during the year. The Mumbai-based company said it has so far seen no cut in technology budgets of clients in the year ahead.

After announcing earnings for its financial year ended December 31, PR Chandrasekhar, vice-chairman and chief executive officer told ET that there was healthy demand for outsourced technology services in the US, even as parts of Europe continued to be under pressure due to macro-economic concerns.

"Some parts of Europe are under pressure, but opportunities don't look too bad.

3

Hexaware bets on UK, new verticals to lead mid-tier IT growth

Beryl Menezes • MUMBAI

Infosys, TCS and Wipro may be getting cautious in their outlook, but not Hexaware Technologies.

After nine quarters of positive growth, the mid-tier leader is confident of a 20% year-on-year (yoy) growth in dollar revenues for fiscal 2013.

This at a time when the IT trinity is not sure of meeting industry body Nasscom's guidance of 11-14% growth.

On Tuesday, Hexaware reported a 14% qoq rise in April-June revenues to ₹500 crore and a 48% yoy growth in net profit to ₹89 crore.

"Hexaware reported healthy results for the second quarter. The major highlight was a 4.2% quarter-on-

4

Mid-cap infotech players poised to outshine their larger peers

Focus on small deals & niche business areas aiding growth; cost containment measures supporting margins

Unlike some of their larger peers, who are anticipating a slower growth rate in 2012-13, many mid-cap information technology (IT) companies are expecting to expand faster than the 11-14 per cent industry growth rate predicted by the National Association of Software and Services Companies (Nasscom). Historically, mid-cap

STRONG GROWTH, STABLE MARGINS

and smaller tech companies are hit harder during global slowdowns. This time though, the story looks different. So, what is driving this disparity in performance?

First, unlike in previous slowdowns when mid-cap companies were competing with their larger peers and losing big time, many have now established their own niches and are focusing on relatively

Cash-rich Hexaware Scouts for Acquisitions

5

IT services firm looks to buy a company with revenues of $40-60 million in Europe or North America

OUR BUREAU

BANGALORE

Mumbai-based IT services firm Hexaware said it is aggressively scouting for acquisitions in

The mid-tier outsourcing firm that has about ₹400 crore in cash, expects to acquire a company with revenues of $40-60 million based either in Europe or North America. These two geographies contribute about 87% of Hexaware's revenues.

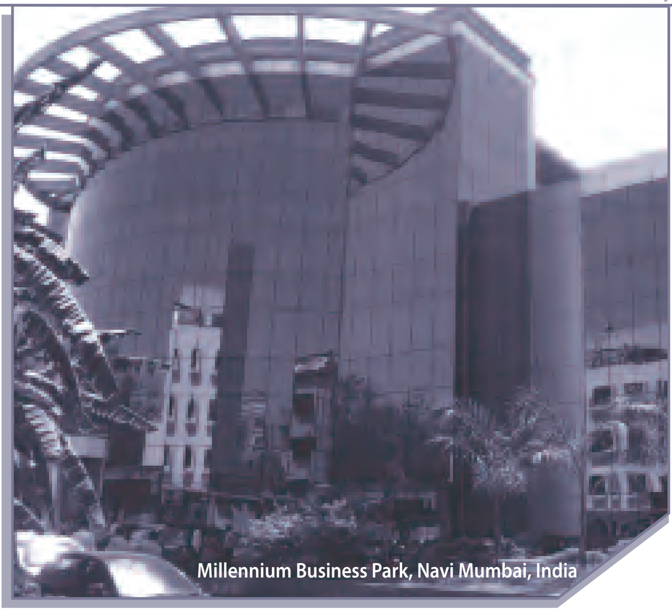
increases in the IT industry at 4%.

Nishar said Hexaware is optimistic about growing at 20% or more during 2012, above the 11-14% growth forecast from outsourcing industry body Nasscom. Last month, Hexaware's rival MindTree

1 **Mint,** *September 15, 2012* 2 **The Economic Times,** *February 12, 2013* 3 **DNA,** *August 2, 2012* 4 **Business Standard,** *May 23, 2012*

5 **The Economic Times,** *November 2, 2012*

Hexaware Today



Millennium Business Park, Navi Mumbai, India

The Company

Hexaware, founded in 1990 is a leading provider of IT-BPO services to corporates worldwide. Committed to deliver high quality standard services to its clients, Hexaware has achieved standards of SEI CMMI Level 5, ISO 9001, SAS 70 Type II, ISO 20000 and ISO 27001.

The Business Domain

Hexaware is organized by domain. Through its strong focus on select verticals, Hexaware has emerged as one of the leader in domains such as Banking & Financial Services, Leasing, Travel & Transportation and Healthcare & Insurance.

On the technology front, Hexaware specializes in Business Intelligence and Analytics, Infrastructure Management Services, Enterprise Applications, Quality Assurance and Testing Services and Legacy Modernization.

Hexaware has built strong domain expertise and intellectual properties that help to deliver substantial value to our engagements. Hexaware has a proven and time-tested project management methodology with transparency and visibility for the customers to know the real time status of the project progress.

The Spread

Hexaware has thirty five offices worldwide and eight state-of-the-art global development centres in New Jersey, Mexico, Mumbai, Chennai, Nagpur, Pune, Coimbatore and Bengaluru. Hexaware stock is listed on exchanges in India and UK. Hexaware derives ~65% of revenues from the US and ~27% revenues from Europe.

The Financial Health

Hexaware is a zero debt company, indicating strong balance sheet and ability to distribute a significant amount of the cash generated through internal accruals as dividend every quarter.

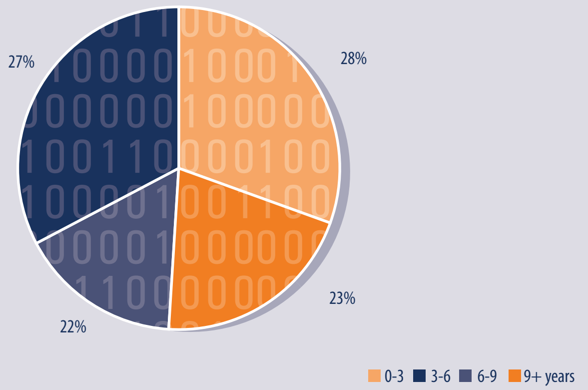
Employees

Hexaware is backed by a dedicated and passionate team of over 9000 employees.

Workforce Composition

By Qualification	As of Dec 2012
BE/ BTech	55%
MCA	17%
Graduates	11%
MBA	6%
PG	9%
Others	2%
Total	**100%**

By Experience



Customer Universe

Hexaware helps clients achieve a competitive advantage by co-developing innovative IT/Process capabilities delivered through flexible business models. Hexaware currently has a client base of over 218 organizations including over 50 Fortune 500 companies. Fifty five of these clients contributed over one million USD each in 2012

Clients by revenues billed during the year

By Revenues Billed in 2012	Clients
> 20 million USD	3
> 10 million USD	8
> 5million USD	15
> 1 million USD	55
Active Clients during the year	218

Clients added in 2012

By Geography	Client Additions
Americas	22
Europe	11
Asia Pacific	14

By Verticals	Client Additions
Banking & Financial Services	9
Global Travel & Transportation	5
Healthcare & Insurance	6

By Horizontal	Client Additions
Enterprise Solutions / Enterprise resource planning	19
Business Intelligence / Business Analytics	7
Quality Assurance and Testing Services	9
Business Process Outsourcing	3
Remote Infrastructure Management Services	1

Deals

Over the last few months Hexaware has won several deals. A few of such deals are mentioned below.

Financial Transformation of a Fortune 500 Corporate

During the year, Hexaware signed a deal worth over USD 10 million with an existing US based company. Hexaware's proposition include:

- Reduce total cost of ownership on client's ERP applications
- Streamline the current operations to increase efficiencies in financial and procurement functions
- Prepare a scalable ERP architecture which is flexible and agile to ever-changing business dynamics
- Consolidate all the applications on a single instance while retiring legacy application

Management of Corporate HR Applications for a Fortune 20 giant

Hexaware signed orders in excess of USD 10 million with an existing US based company. Through these deals, the customer would outsource application management of the corporate HR systems. The prime benefits rendered by Hexaware include:

- Reduce costs by optimal utilization of global delivery model
- Improve operational efficiencies through process harmonization
- Drive improvements through SLA based execution model

Strategic Alliance with a Multi-billion Global Corporate

During the year, Hexaware entered into a strategic alliance with a multi-billion global corporate to establish a large, secure Enterprise Resource Planning (ERP) application outsourcing services unit for its global customers across multiple geographies and industry verticals on a Build Operate and Transfer model. The prime benefits expected through this alliance include:

- Provides a platform for further innovations and efficient business models for ERP Applications marketplace
- Estimated revenues to the tune of USD 100 million cumulatively over the next 4 years, revenues expected to accrue from early 2013 and ramp up from there
- Provides an opportunity to Hexaware to provide its services to newer clients in different market segments

Business Offerings

Verticals

Hexaware maintains strong focus on Banking & Financial Services, Global Travel & Transportation and Healthcare & Insurance Verticals.

Banking and Financial Services

- **Core Banking** – Core Retail Banking, Leasing, Cards and Payments processing

  Focus areas – Retail Banking, Payments, Regulatory Reporting and Leasing
- **Capital Markets** – Asset Management, Reference Data, Enterprise Data Management
- **Compliance and Risk Management** – Counterparty risk models, Stress testing models and Basel III compliance roadmap

Banking and Financial Services Snapshot

- Center of Excellence providing thought leadership
- Alliance with best in class Technology and Application vendors

Banking Alliances

Cassiopae: Integration Partner- Asset Management (Leasing) Products

SOASTA: Testing Services on Cloud based Solution

Alaric: Implementation Partner for Payments

Odyssey: Partner for Multi-Factor Authentication

Ca Technologies: Security Solutions

- Servicing multiple Top Global Financial Institutions firms (supporting systems catering to approx. 4 trillion worth of AUMs)
- Fully automated in-house Toolsets, Technology Infrastructure, Software Solutions, Compliance and Governance, Process Standardization
- **Regions Served:**
  - Americas: USA, Canada, Mexico
  - Europe: UK, Germany
  - APAC: Singapore, India

Global Travel and Transportation

- One of the key vertical at Hexaware since 1997
- The practice has serveral elite and longstanding customers supported by a team of strong domain and technical experts having rich project experience
- GTT practice continuously invests on developing frameworks/ solution accelerators addressing niche market needs across various industries in this sector. These accelerators are intended to provide our customers with a head start by reducing the time-to-market for implementing a total solution.

Sub-vertical	Areas of Expertise
Airlines and Airports	Core expertise in critical applications like E-Ticketing, E Commerce, Passenger Reservations, Cargo Handling, Crew Scheduling and Aircraft Maintenance, Customer Loyalty, Revenue Accounting, Revenue Management, MRO.
Travel and Hospitality	Car Rentals, Hotels and Restaurants, Travel Portals, GDS
Transportation and Logistics	Logistics (3PL, Warehousing, Freight Forwarding), Motor Freight and Rail Roads, Shipping and Ports, Mail and Courier
Rail IT	Ticket Retail and Reservation, Fulfillment, Settlement, Wagon Maintenance, Crew Management, Loyalty

Healthcare and Insurance

Insurance

- Expertise in Employee Benefits, Policy Administration and Claims for Life, Health, General and Annuities.
- End-to-end Integrated Claims Management Services (IT & BPO).
- Life and Non-Life around Policy admin, Claims, and Analytics
- Automated test accelerators for Policy Admin, Claims, Enrollment products.

Insurance Practice Snapshot

- LOMA/AICPCU and IBM SOA Certified professionals
- Dedicated CoE for Insurance providing thought leadership
- Alliance with best-in-class application vendor for PAS and CMS

Healthcare

- Innovative and automated solutions / services with specialization in Regulatory Compliance (HIPAA 4010 to 5010, ICD-9 to ICD-10, Solvency II, SIGeDIS, 401K). Specialized testing services around ICD-9 to ICD-10 transition.
- Expertise in Pharma Analytics (Market Research Services and Managed Care Services) and Payer Analytics.

Focus on Healthcare

- Recognized by Gartner for compliance solutions
- Membership of industry bodies NCPDP, HIMSS
- Dedicated Center of Excellence Providing Thought Leadership
- Innovative tools focused on healthcare space such as HPower10
- Professionals Certified in interoperability standards

Horizontals

Enterprise Solutions

- SAP, PeopleSoft, Oracle e-business suite, Fusion, Workday, Sales Force, MS Dynamics, Siebel
- Alliances with SAP, Oracle-PeopleSoft, Sales Force, Microsoft
- Specialized in Human Resource Management Systems, Financials, Customer Relationship Management, Supply Chain, Campus solutions, Manufacturing solution, Retail solution
- Consulting, Implementation/Harmonization, Upgrade, Shared Services Support, Cloud solutions, Mobility solutions

Business Intelligence/Analytics

- **Establish:** Strategic Business Intelligence (BI) Roadmap Definition, Enterprise Data Warehouse Governance, BI Platform Evaluation, Business Case - Benefits Insight
- **Enhance:** Analytics Implementation, Product Upgrades, Dashboard Deployment, Data Integration Extensions, Data Quality – Master Data Management
- **Transform:** BI Center of Excellence (CoE) Setup - Factory model, Platform Consolidation, Product Migration, Metadata Management, BI 3.0 Integration (Mobility, Social Media, Cloud, Big Data)
- Experts on multiple BI platforms
- BI Innovation Lab - Saves up to 40% of effort on DW /BI deployment with absolute focus on quality with our patent pending IPs.

Quality Assurance & Testing Services

- Comprehensive set of solutions – Consulting and Governance, Test CoEs, Automated and Manual Testing, ERP testing accelerators, OneSource, eSignature and CloudTesting
- Strategic alliance with HP, IBM, ORACLE, SOASTA, Jamo Solutions, Greenline and Validata
- Dedicated Automation and Performance Center of Excellence (CoE)
- Mobile Application Testing (CoE)

Infrastructure Management Services

- Expertise Spanning Entire IT Infrastructure Lifecycle
- World Class Tier III Datacenter
- 24/7 End User Services
- Global NOC & Global SOC dedicated to Infrastructure Services
- Enterprise Security Solutions
- Cloud and Virtualization

Custom Application Services

- JAVA application services
- NET application services
- Legacy re-engineering

Business Process Outsourcing

- Wholly owned BPO arm - Caliber Point Business Solutions
- Recognized as 'Emerging global HRO leader'
- Proven processes and delivery capability in Shared Service Center Setup and Execution, Transaction Processing for complex processes, Transition Management

Differentiators/USPs

**Hexaware's impressive suite of software solutions features several unique advantages that ensure high quality expertise and cost efficiency.
These include:**

Multi-niched focus strategy

In alignment with the focus on select areas, Hexaware's investment and focus is dedicated on growing to attain leadership in each sector where it has a presence. This has helped Hexaware to compete and win in these areas against much larger and more established vendors.

Leadership in niche focused areas

Hexaware has demonstrated leadership and expertise in focus areas. Hexaware's enterprise class solution offerings combined with its best-of-class enterprise integration skills are its key differentiators against the competition. Hexaware is one of the leading companies in PeopleSoft services, is among the leading IT solution providers for the Airlines Industry and is fast emerging among the top two Indian IT services provider in Germany.

Domain expertise

Another key differentiator is Hexaware's emphasis on bringing in domain experts in almost every project. All practices of Hexaware are led by experts in the respective areas.

Innovative &'IP based' delivery

Hexaware has an enhanced focus on 'IP based' delivery to generate proprietary tools and ensure repeatable and standard processes which lower total cost of ownership.

Further, to deal with fast paced changing trends in the IT fraternity, Hexaware launched 'Innovation Channel' to capture ideas from its cerebral employee base. It includes a rewards and recognition programme to promote a culture of innovation. Innovation lab is segmented into four pillars based on specific focus areas.

Effective delivery

Hexaware has invested in building significant onsite delivery and consulting capability to absorb the process overheads of offshore by locating our business practice leaders, account managers and top management team closer to its client locations. This structure enables quicker decision-making and ease of access to customers.

Outsourcing models

Hexaware has an enviable track record in building, operating and delivering solutions from very large offshore development centres (ODC). Hexaware offers proven business model for customers looking to exploit delivery capabilities across the globe. Hexaware's models provide a framework for outsourcing large application and product management services and provide the customer with economies of scope and scale.

Process and Methodologies

Hexaware has institutionalised a number of processes and innovative methodologies, which has built in risk mitigation strategies and cost efficiencies. Hexaware's approach addresses the key issues of transition management and operational efficiency improvement.

Hexaware size-the right size

Being a right-sized company, Hexaware has the ability to demonstrate adaptability and flexibility in its operations to suit the dynamic needs of our customers. Hexaware has demonstrated capability in meeting resource and infrastructure requirements for large projects, at the same time remaining small enough and maintain relationship comfort.

Multi-Cultural Dimension

Hexaware operates on a global platform, working with several Fortune 500 customers in North America, Europe and Asia Pacific. This gives Hexaware a unique understanding and access to not only the business practices but also the cultural and work-ethics in different regions and industry sectors.

Emerging Technologies

Launch of several new service offerings

Mobile Testing Solutions

To address the growing need of mobile business applications, Hexaware has designed a unique automated mobile application testing and life cycle management solution. The solution assists in enhancing user experience while ensuring that the business demands for cost and time to market remain under check.

The solution reduces test cycle time across entire portfolio of products that includes mobile, Net, client server and ASP. It allows integration of mobile applications with the entire IT landscape of the organization and thereby helping organization to boost their productivity. Hexaware has enhanced its proprietary Intellectual Property (IP) frameworks as a part of this solution that automates testing. The power of this framework is its reusability and maintainability across multiple platforms.

Cloud Computing Practice

To tap the growing market interest in Cloud computing, Hexaware, over the last few quarters has announced multiple initiatives on the Cloud such as Rainmaker - Hexaware's private cloud, Cloudview, and cloud-based Software as a Service (SaaS) platform for offering HR services, Republic. Republic is a multi-tenancy HR services delivery solution built on the Oracle E-Business Suite Release 12.

Hexaware also provides Infrastructure consulting with focus on multiple platforms to its customers to help them devise and implement an enterprise wide Cloud Strategy. Hexaware is actively working on various client engagements to migrate applications to public cloud platforms.

Oracle Fusion

Hexaware has been actively investing in increasing its competencies in Oracle Fusion range of products specifically those focusing on Human Capital Management modules. Also, being a Platinum partner in Oracle Partner Network®, Hexaware has engaged with Oracle and participated in the Pre-release Testing phase of Oracle Fusion Product modules since 2011.

Hexaware has been significantly investing in Cloud and Mobility as a separate dedicated practice in order to tap into the huge market potential of these emerging technologies.

> *"Hexaware also provides Infrastructure consulting and virtualisation strategy with focus on leading platforms to its customers to help them devise and implement an enterprise wide Cloud Strategy. Hexaware is actively working on various client engagements to migrate applications to public cloud platforms"*

Enterprise Mobility

Hexaware helps its clients to integrate plethora of mobile devices by providing the necessary infrastructure to support various platforms. It also helps organizations to identify appropriate strategy and make the best investment decisions from the scores of competing options available.

The Mobile Computing Practice at Hexaware offers application development and maintenance capability around Apple® iOS, Google Android, Microsoft Windows 7.x/8 and Research In Motion Blackberry®. Hexaware has also built implementation and governance capability with proven vendors in this space. To accelerate the development and roll-out of mobile applications, Hexaware has developed solution accelerators branded as "WorkQuikr" based on industry standards. These accelerators are ready to be adopted and implemented and make it easy to push applications to Android and iOS based devices.

Facilities

Hexaware has eight state-of-the-art global development centres in New Jersey, Mexico, Mumbai, Chennai, Nagpur, Pune, Coimbatore and Bengaluru.

India based Global Delivery Centers

Mumbai

Mumbai houses Hexaware's three Offshore Development Centers (ODCs) including the registered office and has over 1500 of its employees working from these centers.

Chennai

Hexaware's Chennai development center is a Green campus spread over 27 acres in Siruseri SEZ currently seating over 3400 employees.

Pune

Hexaware's Pune development center has a seating capacity of 700 employees. In addition to this, to take care of its future needs in the region, Hexaware has bought 97,010 sq. meters of land at the Rajiv Gandhi InfoTech Park in Hinjewadi SEZ which will be developed later on.

Nagpur

Hexaware and Caliber Point together have 20 acres of land in Nagpur, and current seating capacity of 1,000 employees in first phase of development carried out.

Bengaluru

Hexaware's Bengaluru development center has over 250 employees.

Coimbatore

Hexaware's Coimbatore development center has close to 200 BPO employees providing cost competitive high quality services to the clients of its wholly owned subsidiary Caliber Point.

Overseas Global Delivery Centers

New Jersey (USA)

Hexaware's Secaucus, New Jersey (USA) Global Delivery Center (GDC) provides additional comfort to all its USA based clients to outsource mission-critical tasks and share secure information that would have otherwise not been shipped beyond the shores. It provides an additional flexibility to have direct communication and also a comfort of working in same time zone. Hexaware also has GDC at Jamesburg to cater to the need of customers.

Saltillo (Mexico)

Saltillo is Hexaware's multi-utility developmental center and offers not only near shore benefits like proximity to most clients and same time zone but also cost competitiveness compared to USA and access to emerging markets in South America, one of the fastest growing regions. Hexaware currently has around 300 of its employees working out of this development center.

Laurels, Recognitions

- Hexaware has been listed as a 2012 Global Services 100 provider as well as a Leader in the following GS100 categories:

  a. Leaders - Mid-market Enterprise Applications Deployment

  b. Mid-Tier Leaders - Testing Services

  c. Global BPO Niche Leaders

  d. Industry-specific BPO Niche Leaders

- Hexaware was awarded the prestigious UK Oracle User Group (UKOUG) Partner of the Year Award for the year 2012 in London. The award recognizes Hexaware's innovative solutions, excellent service delivery, high quality talent and top-notch client relationships. The award also reinforces Hexaware's 15 years leadership in PeopleSoft services market.

- Hexaware has been in the International Association of Outsourcing Providers® (IAOP®) Global Outsourcing 100® list. Hexaware was recognized for its overall global expertise and for its work in key areas such as Human Resources Services, Transaction Processing Services and Air Transportation. In addition, Hexaware achieved recognition on sub lists including:

  a. Best 10 Leaders – Human Resources Services

  b. Best 20 Leaders – Transaction Processing Services

- Hexaware has been conferred with the Information Mastermind Award 2012 by IDG.

- Hexaware won the Best CIO of India Award conferred by the Stars of the Industry Group and Asian Confederation of Businesses. The award recognizes Hexaware as the best performing CIO in the IT Sector and acknowledges its IT-agility and project & IT performance.

- Hexaware has regularly featured in the Economic Times Wealth Top 100 stocks over the last several months and the Company has been rated high consistently on parameters such as "stocks with highest dividend yield".

- Hexaware has received the prestigious CIO100 Award, from IDG and has also featured on their Hall of Fame -2012 for winning it over the last 4 consecutive years.

- Hexaware was recognized as one of the fastest growing RIMS providers in the Gartner report titled "Competitive Landscape: India-Based Remote Infrastructure Management Service Providers" dated 5th June 2012 by Arup Roy and Biswajeet Mahapatra.

- Hexaware has been recognized as a sample vendor in a Gartner Report 'Hype Cycle for IT Infrastructure and Outsourcing Services, 2012' by Gianluca Tramacere, 24 July, 2012.

- Hexaware has been recognized as a sample vendor in a Gartner Report 'Hype Cycle for Banking and Investment Services Core Applications and Architecture Technologies, 2012' by Don Free, 24 July, 2012.

- Hexaware has been recognized as a sample vendor in a Gartner Report 'Hype Cycle for Business Process Services and Outsourcing, 2012' by Morgan Yeates, 27 July, 2012.

- Hexaware has been recognized as a sample vendor in a Gartner Report 'Hype Cycle for ICT in India, 2012' by Sanish KB and Vishal Tripathi, 31 July, 2012.

- Hexaware has been recognized as a sample vendor in a Gartner Report 'Hype Cycle for Application Services, 2012' by Patrick J. Sullivan, 5 September 2012.

NOTICE

NOTICE is hereby given that the Twentieth Annual General Meeting of the Members of Hexaware Technologies Limited will be held on Tuesday, the 30th day of April, 2013 at 4.00 p.m. at Walchand Hirachand Hall (4th Floor), LNM IMC Building Trust, IMC Building, IMC Marg, Churchgate, Mumbai – 400 020 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance sheet as at December 31, 2012 and the Audited Profit and Loss Account for the year ended on that date together with the Reports of the Board of Directors' and Auditors' thereon.
2. To declare a Final Dividend on Equity Shares and to confirm the Interim Dividends on equity shares.
3. To appoint a Director in place of Mr. Ashish Dhawan, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. S Doreswamy, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. P R Chandrasekar, 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 a **Special Resolution**:

   "**RESOLVED THAT** in renewal of the resolution passed by the shareholders at the Seventeenth Annual General Meeting held on April 29, 2010 and pursuant to the provisions of Section 309 and other applicable provisions, if any, of the Companies Act, 956 ('the Act"), a sum not exceeding 1% (one per cent) per annum of the net profits of the Company calculated in accordance with the provisions of Section 198, 349, 350 of the Act, be paid to and distributed amongst the Non-Wholetime Directors of the Company, for a period of five years from January 01, 2013 till December 31, 2017, in addition to sitting fees being paid to them for attending the meetings of the Board, to be divided amongst them in such manner as the Board of Directors of the Company may from time to time determine and deem fit and such payments shall be made in respect of the profits of the Company for each year;

   RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to take all actions and do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard."

By Order of the Board of Directors

Gunjan Methi
Company Secretary

Place : Mumbai

Date : March 29, 2013

Registered Office:

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, set out above, 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 Annual General Meeting except holidays.
5. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, April 1, 2013 to Friday, April 5, 2013, 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.
6. The Final Dividend as recommended by the Board of Directors at its meeting held on February 11, 2013 and approved at the Annual General Meeting to be held on April 30, 2013, shall be paid on May 4, 2013 to those members whose names appear on the Company's register of members, after giving effect to all valid share transfers in physical form lodged with the Registrar and Share Transfer Agent of the Company on or before March 31, 2013. In respect of shares held in electronic form,

the dividend will be paid on the basis of beneficial ownership at the close of business hours on March 31, 2013 based on details furnished by National Securities Depository Limited and Central Depository Services (India) Limited, for this purpose.

7. Those Members who have so far not encashed their dividend warrants for the financial year ended December 31, 2005 onwards, may approach the Registrar and Share Transfer Agent, M/s. Sharepro Services (India) Private Limited, at the address mentioned elsewhere in the Report for making their claim without any further delay as the said unpaid dividends 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 ₹ 2,219,210/- has been transferred to the Investor Education and Protection Fund in the year 2012 towards unclaimed/unpaid dividend for the year 2004 and 2005.

8. 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 Report.

9. 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 Registrar 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.

10. 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.

11. 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.

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

13. 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 Members at the Annual General Meeting.

14. Members seeking any information relating to the Accounts may write to the Finance Department of the Company at its registered office at 152, Millennium Business Park, Sector - III, 'A' Block, TTC Industrial Area, Mahape, Navi Mumbai – 400 710 or send an email at investorinfo@hexaware.com.

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

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

17. As a part of 'Green Initiative in Corporate Governance' Ministry of Corporate Affairs (MCA) is allowing companies to send various official documents to their shareholder electronically.

    Hence the company, going forward, proposes to send all documents like Notice calling the Annual General Meeting, Corporate Governance Report, Directors' Report, Audited Financial Statements, Auditors' Report, etc. and other communication to the members in electronic form at the email address provided by the members and made available to the Company by the Depository/ Registrar & Share Transfer Agents (RTA). It is encouraged that members support this green initiative and update their email address registered with RTA / their Depository to ensure that all communication sent by the company are received on the desired email address. Members are requested to inform the Company in case they wish to receive the above documents in paper mode.

18. Re-appointment of Directors: At the ensuing Annual General Meeting, Mr. Ashish Dhawan, Mr. S Doreswamy and Mr. P R Chandrasekar 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 Statement on Corporate Governance published in this Annual Report.

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

ITEM No. 7.

Pursuant to the provisions of section 309 (4) of the Companies Act, 1956, the shareholders at the Seventeenth Annual General Meeting held on April 29, 2010, had approved the payment of commission to the Non-Wholetime Directors not exceeding 1% per annum of the net profits of the Company computed in accordance with the provisions of Act by passing a Special resolution. This resolution was in force till the financial year ended December 31, 2012, for a period of five years.

The special resolution is to be renewed for another period of five years from January 1, 2013 to December 31, 2017. Accordingly a special resolution authorising the payment of commission in accordance with the provisions of the act is enclosed for the consideration of the shareholders for a period of five years from January 1, 2013 to December 31, 2017.

The non – Whole Time Directors may be considered to be concerned or interested in this Resolution to the extent of the remuneration that may be received by them.

The Directors recommend the resolution at item no. 7 for approval.

By Order of the Board of Directors

Gunjan Methi
Company Secretary

Place : Mumbai
Date : March 29, 2013

Registered Office:
152, Millennium Business Park,
Sector -III, 'A' Block, TTC Industrial Area,
Mahape, Navi Mumbai – 400 710.

Directors' Report

To the Members,

The Directors are pleased to present their Twentieth Annual Report, on the business and operations of the Company, Hexaware Technologies Limited (hereafter referred to as 'The Company') together with audited accounts for the financial year ended December 31, 2012.

Financial Performance:

Global Operations: (USD Million)

Year ended December 31	2012	2011	Y-o-Y Growth %
Income from Operations	364.48	308.11	18.30%
EBITDA	76.28	55.46	37.54%
Profit from Operations *	70.21	50.19	39.89%
Profit before Tax	75.77	65.09	16.41%
Profit after Tax	61.51	56.45	8.96%

(₹ Million)

Year ended December 31	2012	2011	Y-o-Y Growth %
Income from Operations	19,481.78	14,505.12	34.31%
EBITDA	4,040.37	2,613.44	54.60%
Profit from Operations *	3,716.23	2,366.41	57.04%
Add: Exchange Rate (Loss) / Gain (net)	(113.33)	248.26	-145.65%
Less: Interest	1.61	21.49	-92.51%
Add: Other Income	438.28	482.10	-9.09%
Profit before Tax	4,039.57	3,075.28	31.36%
Less: Provision for Taxation	763.10	405.01	88.42%
Profit after Tax	3,276.47	2,670.27	22.70%

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

India Operations: (₹ Million)

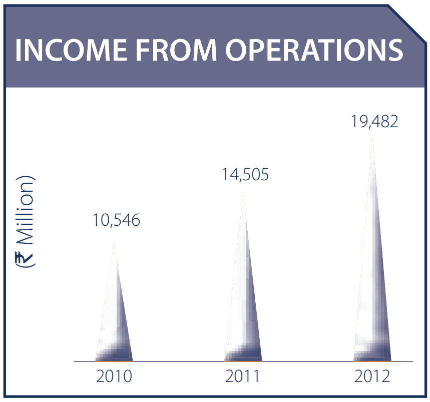
Year ended December 31	2012	2011	Y-o-Y Growth %
Income From Operations	9,124.74	6,785.80	34.47%
EBITDA	3,295.25	2,064.73	59.60%
Profit from Operations *	3,025.80	1,875.76	61.31%
Add: Exchange Rate Gain/(Loss) (net)	(71.13)	233.31	-130.49%
Less: Interest	1.05	14.40	-92.71%
Add: Other Income	458.52	449.37	2.04%
Profit before Tax	3,412.14	2,544.04	34.12%
Less: Provision for Taxation	556.11	224.23	148.01%
Profit after Tax	2,856.03	2,319.81	23.11%
Add : Balance brought forward from previous year	3,129.17	2,471.69	
Balance available for appropriation	5,985.20	4,791.50	
Appropriation			
Transfer to General Reserve	300.00	300.00	
Interim Dividend	1,247.27	732.81	
Proposed Final Dividend	355.85	440.04	
Tax on Dividends	260.07	189.48	
Balance carried to Balance Sheet	3,822.01	3,129.17	

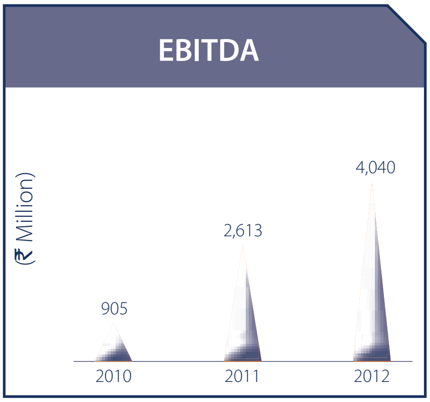
Results of Operations

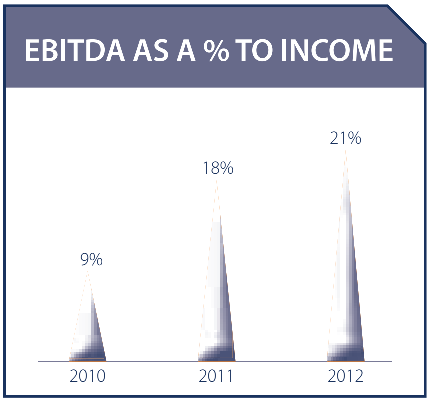
a) Global operations:

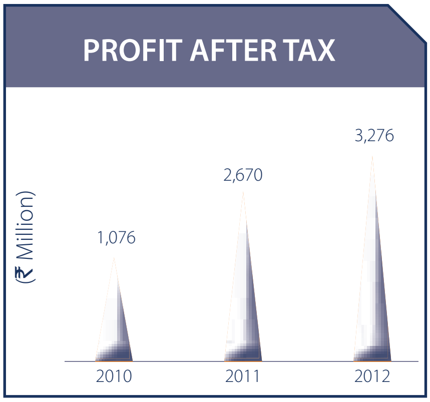
Income from operations increased to ₹ 19,481.78 million in 2012 from ₹ 14,505.12 million in 2011, growth of 34.3%. The growth in Dollar terms was 18.3%, reaching USD 364.48 million Growth was driven largely by volume increase, aided by increased realized bill rates as well as cross currency conversion benefits and 2.4 % shift in favour of offshore.

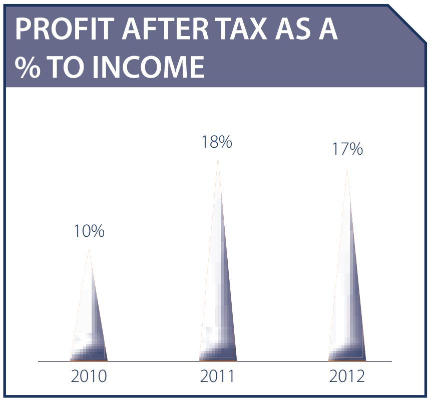
Profit from Operations (profit before Exchange Rate Difference, Interest, Other Income and Provision for Taxation) was at ₹ 3,716.23 million in 2012 as against ₹ 2,366.41 million in 2011, growth of 57%. Profitability rose to 1.57 times, driven by significant SG&A leverage, improved cost efficiency through better employee pyramid, higher realized bill rates as well as currency benefits. Profit after Tax stood at ₹ 3,276.47 million in 2012 as compared to a profit of ₹ 2,670.27 million in 2011, growth of 22.7%. PAT margins were at 16.8% in Rupee terms.











Some of the major achievements of the Company in the year 2012 were:

- During the year 2012, 47 new clients were added. This took the total number of active clients to 218, up from 192 in December 2011.
- During 2012, the number of clients registering annual revenues in excess of USD 20 million each remained steady at 3; clients in the USD 10 million - USD 20 million range increased to 5, 7 clients in the USD 5 million - USD 10 million range, 40 clients in the USD 1 million - USD 5 million category and 55 clients with USD 1 million+ range – all on a trailing twelve months basis.

Directors' Report

Significant Developments during CY 2012

The year 2012 was marked with several significant achievements across various quarters. The Company has strengthened its domain capabilities, increased the breadth and depth of its service lines, has added significantly to the field sales organization and has made several investments to enable expand its focus on account management program.

The Company has delivered above industry revenue growth on the back of several significant large deal wins in the last one year. Winning these deals continue to demonstrate the client's recognition of the Company's positioning, domain knowledge, intellectual property (IP) assets and the Company's execution excellence.

The Company signed a deal worth in excess of USD 10 million with an existing US based Fortune 500 Corporate to help its client reduce its total cost of ownership (TCO) on its ERP applications.

The Company also signed orders in excess of USD 10 million with an existing US based Fortune 20 company by which the customer would outsource application management of its corporate HR systems.

Further, the Company entered into a strategic alliance with a multi-billion global corporate to establish a large, secure Enterprise Resource Planning (ERP) Application Outsourcing services unit for its global customers across multiple geographies and industry verticals on a Build Operate and Transfer model. This is expected to bring revenues estimated to the tune of USD 100 million cumulatively over the next 4 years.

The Company bagged a multi-million Dollar deal with a new logo in the Financial Services domain in Europe. This multi-year deal includes services ranging from vertical specific, BA / BI, Remote IMS and Emerging Technologies. This win establishes a key foundation in pursuing multiple prospects in a strong area of strength, Capital Markets, in a key market.

This success seen with large deals renders the Company with potency to compete for new business and expand its footprint across geographies.

Customer centricity is a major focus area at the Company. In the last year, the Company has launched several new service offerings to deliver value to its customers.

As mobile devices become more popular and the demand for mobile business applications increase, the Company launched Mobile Testing Solutions as a new service offering in Enterprise Mobility. The Company designed a unique automated mobile application testing and life cycle management solution which offers a holistic strategy to enhance user experience while meeting business demands for cost and time to market.

The Company also rolled out its proprietary Enterprise Data Management (EDM) Intellectual Property Asset called AIM (Analytics for Investment Management). AIM is a prebuilt repository of dashboards, KPIs and reports supported by a dimensional data model for Investment reporting for a 360 degree view of the Portfolios and Assets under Management (AUM) they manage, in conjunction with the Trades, Performance and Risk related thereto. At the core of the toolkit lies a flexible and an integrated data model that helps manage the key dimensions and metrics across the mentioned Investment Management functions. This service predominantly solves the problem of traditional data warehouse, provides quicker access to business data, and offers a 360 degree view of Portfolio, Performance and Risk and supports ad-hoc reports, self-service and advanced dashboard capabilities.

The Company has been consistently focusing on New Initiatives and has been regularly investing in multiple Centers of Excellence (CoE) in order to tap into the huge market potential of these emerging technologies.

The Company announced multiple initiatives on the Cloud such as Rainmaker, the Company's private cloud, Cloudview and cloud-based Software as a Service (SaaS) platform for offering HR services, Republic. The Company is actively working on various client engagements on migrating applications to public cloud platforms such as Amazon, Google and Microsoft.

The Company is progressively extending its business boundaries to accommodate the plethora of mobile devices with the necessary infrastructure to support the various platforms and a strategy to make the right investment decision among the many competing options that are available. The Mobile Computing Practice at the Company offers application development and maintenance capability around Apple® iOS, Google Android, Microsoft Windows 7.x/8 and Research In Motion Blackberry®. The application development capability is backed by a strong User Experience (UX) team which is growing to keep up with the customers need. The Company has also built implementation and governance capability with proven vendors in this space. To accelerate the development and roll-out of mobile applications, the Company has worked on a solution based on industry standards ready to be adopted and implemented. The solution accelerator built by the Company branded as "WorkQuikr" makes it easy to push applications to Android and iOS based devices.

The Company kick-started a specific CoE focused on Big Data as part of its Business Intelligence and Analytics practice. This CoE enabled the Company to build core competencies in this area such as Hadoop ecosystem, MapReduce programming, advanced / predictive analytics, statistical modeling and text mining & analytics. The Company has also been broadening existing strategic partnerships to include Big Data related platforms and forming alliances with focused technology companies gaining access to certain solutions on Big Data platforms.

In the last year, the Company has been bestowed with various Awards and honored with recognition which continued to exemplify its innovation skills, its services and its commitment. The Company was selected for the International Association of Outsourcing Providers® (IAOP®) Global Outsourcing 100® list. The Company was recognized for its global expertise overall and for its work in key areas such as Human Resources Services, Transaction Processing Services and Air Transportation.

The Company won the EMC Transformers Award for its Cloud and Disaster Recovery (DR) implementation. This Award recognizes innovation and the change brought in Indian enterprises through smart and judicious use of IT.

The Company was awarded the prestigious UK Oracle User Group (UKOUG) Partner of the Year Award for the year 2012 in London. This Award was presented in recognition of the Company's innovative solutions, excellent service delivery, high quality talent and top-notch client relationships. This award further reinforces the leadership the Company enjoys in PeopleSoft services market for over 15 years now.

Caliber Point Business Solutions Ltd., a wholly owned subsidiary of the Company won 'Best IT Enablement in BPO' Award at the BPO Excellence Awards 2011 – 12. This award showcases Caliber Point's expertise to 'c.r.e.a.t.e. Value.' for its customers by adopting and implementing cutting-edge technology while crafting business solutions.

The Company won the Best CIO of India Award conferred by the Stars of the Industry Group and Asian Confederation of Businesses. This award was presented to recognize the best performing CIO in the IT Sector and acknowledges the Company's IT-agility and project and IT performance.

The Company received the prestigious CIO100 Award, from IDG and has also featured on their Hall of Fame -2012 for winning it over the last 4 consecutive years.

The Company was also conferred with the Information Mastermind Award 2012 by IDG.

b) India operations:

In the year 2012, the revenue of the standalone legal entity increased by 34.47% to ₹ 9,124.74 million. This is in comparison with revenue of standalone legal entity at ₹ 6,785.80 million in the previous year. The net profit after tax was ₹ 2,856.03 million as compared to a profit of ₹ 2,319.81 million in 2011, an increase of 23.11%.

Reserves

The Company has transferred ₹ 300 million to General Reserve same as transferred in the previous year. With this addition, the total General Reserve as on December 31, 2012 is at ₹ 1,542.87 million.

Further, the balance in the P&L Account is ₹ 3,822.01 million.

Forex Mark-To-Market: The Company has adopted AS-30 principles of recognition and measurement for accounting of forward exchange contracts and derivative contracts and the year-end Hedging Reserve stood at a loss of ₹ 697.62 million, as compared to ₹ 904.93 million in the previous year. In summary, total reserves stood at ₹ 9,253.03 million, including ₹ 4,578.74 million of Securities Premium account.

Dividend

During the year 2012, the Company paid interim dividend on quarterly basis on equity shares, Q1 – ₹ 1.50 (75%), Q2 – ₹ 1.50 (75%), Q3 - ₹ 1.20 (60%).

The Board of Directors has recommended a payment of final dividend of ₹ 1.20 per share (60%) on an equity share of ₹ 2/- each, at its meeting held on February 11, 2013, due for approval at the AGM. Including this, the total dividend for the year inclusive of interim dividends would amount to ₹ 5.40 per share (270%) on equity shares.

The total cash outgo on account of interim dividend and final dividend & tax thereon amounts to ₹ 1,859.74 million.

The break-up of dividend is as under:

(₹ Million)

	Q1	Q2	Q3	Final	Total
Dividend	443.94	444.51	355.85	355.85	1,600.15
Tax	72.02	72.11	57.73	57.73	259.59
Total	**515.96**	**516.62**	**413.58**	**413.58**	**1,859.74**

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 the Company as on December 31, 2012 was ₹ 593.09 million comprising of 296,544,791 Equity Shares of ₹ 2/- each. During the year 3,186,363 shares were issued under ESOP under different schemes.

The market capitalization of the Company as on December 31, 2012 was at ₹ 25,235.96 million (USD 458.88 million). The market capitalization is calculated on the basis of closing price of ₹ 85.10/- on the National Stock Exchange and the closing exchange rate of 1 USD = ₹ 54.9950 as of December 31, 2012.

Directors' Report

Investment

A) Subsidiaries and Branches:

No additional investments in subsidiaries/branches were made during the year 2012. The Company made application to the Registrar of Companies for striking off the name of its wholly owned subsidiary, M/s. Rampran Infotech Limited from the register of companies. The Subsidiary Company stands dissolved w.e.f. February 12, 2013.

B) Infrastructure:

A tangible signature of the Company's growth aspirations is its investment in infrastructure. The Company has invested ₹ 744 million in 2012 for expanding its physical and technical (IT) infrastructure. This is indicative of its passion to motivate a dynamic team to provide quality support for its global sales and delivery operations.

In 2012, the Company initiated the scaling up of its Mumbai delivery operations. The seating capacity is enhanced to accommodate an additional 300 employees. Likewise, the Company's centre in Pune has now expanded to accommodate 700 employees. With the in-house Hexavarsity classrooms and learning centres, it also provides amenities to enable the employees to recharge after solid and creative work.

Specific updates from the different facilities are provided below:

India based Global Delivery Centres

Mumbai:

The Company has three Offshore Development Centres (ODCs) at Millennium Business Park in Mahape, Navi Mumbai. One of these is the registered office of the Company; these centres currently accommodate a headcount of over 1,500 employees. The Company has unveiled the new wing of the Mumbai delivery centre with a seating capacity of 300 professionals. The Company's wholly owned subsidiary Caliber Point Business Solutions Limited also operates out of another building in the same complex, seating over 800 employees - providing BPO services to its global clients.

Chennai:

The Company's 27 acre campus in Chennai currently accommodates employee strength of over 3400 – an increase of over 1,000 employees since December 2011.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 – the Company's in-house Learning and Development University.

The 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, the Company has moved into a new facility at Rajiv Gandhi InfoTech Park in Hinjewadi SEZ. It has a seating capacity of 700 employees in line with our expansion strategy.

Nagpur:

The Company and Caliber Point, the wholly owned subsidiary company, together have acquired 20 acres of land in Nagpur, a tier II city, at an SEZ location. This facility currently has a capacity to accommodate 1000 professionals and is presently operational with over 300 professionals of Caliber Point.

Bengaluru:

This facility in the India's IT capital now seats in excess of 250 employees. This facility mainly houses the 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:

During the last quarter, Caliber Point Business Solutions Limited, the Company's wholly owned subsidiary, has inaugurated a new facility in Coimbatore with a seating capacity of 248 Seats.

Overseas Global Delivery Centres

New Jersey (USA):

The Company has an established Global Delivery Centre (GDC) at Secaucus, New Jersey (USA) for a few years now to cater specifically to its American clients. While this proximity centre 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.

The Company also has a GDC at Jamesburg to cater to the needs of the customer.

Saltillo (Mexico):

The Company has a strong presence in Mexico with a near-shore Delivery Centre at Saltillo with employees strength of around 300. 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. The Company intends to leverage its near shore Delivery Centre to cater to several global clients as an addition to the other existing options of continuing operations in the USA or in the Company's locations in India.

Global Cash Position

The cash generated from operations in 2012 was ₹ 2,199 million. Inflow on account of treasury operations (interest income on the investments made and dividend received from Mutual Funds) was ₹ 383.88 million.The Company has invested more money in Mutual Fund amounting to ₹ 2,127 million. The Company has invested ₹ 743.68 million in fixed assets. During the year, the Company paid dividend of ₹ 1,955.89 million. The Company has received ₹ 60.2 from issue of shares. As of 31st December, the cash position of the Company was ₹ 2,122.37 million, equivalent in USD 38.59 million. Including the Mutual Fund investments (cash equivalent), the total cash & cash equivalents was at ₹ 4,472.20 million equivalent USD 81.32 million.

Human Resource Capital

The Company recognizes that "Human Capital" is the most valuable asset. The Company has a robust and inclusive ecosystem in place which encourages meritocracy, innovation and excellence.

The Company has grown several notches in revenues, client base, geographies as well as human resources over the last quarters. Last year alone, the Company added 752 professionals world-wide to an existing workforce of over 8317 people – primarily across our offshore development centres (ODCs). This includes 525 fresh engineering graduates – our way of balancing rich professional experience with fresh insights from academics for a well-balanced workforce. Technical personnel comprised 92.3% of the total workforce. Going forward, in 2013, the Company also plans to induct more employees across various onsite and offshore locations- the best of global talent for a sustained quality and thought leadership.

The Company's head count was 9,069 as on December 31, 2012.

- The Company has scalable and robust human resource management process which helps us to attract and retain high calibre employees
- To attract and retain people, the Company provides a judicious combination of attractive career, personal growth and performance-based / Market competitive compensation
- The Company's Employee engagement programs have helped in improving productivity and retention of employees.
- The Company is focusing on HR analytics for workforce analysis, aiming towards introducing predictive analysis that will drive workforce planning, talent management and retention.

Salient Features and Compelling Value Proposition

At the Company, we believe in providing a holistic solution for our customers' needs. That is why the Company has the expertise to help customers at all stages of their IT initiatives. Whether they're a small, mid-sized entity, or a large global enterprise, the Company can create a tailored roadmap with complete end-to-end solutions, combining both technology and business understanding. Across all industry verticals, corporations have trusted us to be there throughout their application lifecycle. This includes advisory, roll out and implementation, development and testing, maintenance and support and Business Process Outsourcing.

The Company's impressive suite of software solutions features several unique advantages that ensure high quality expertise and cost efficiency. These include:

Leadership in niche areas

The Company has demonstrated leadership and expertise in focus areas.

- The Company is one of the global market leader in PeopleSoft services
- The Company is amongst the leading IT solution providers for the Asset Management Business & Airlines Industry
- The Company has emerged as a strong service provider of Quality Assurance and Testing services and also in the area of Business Intelligence / Business Analytics

The enterprise class solution offerings combined with best-of-class enterprise integration skills is the Company's key differentiators against competitors.

Focus strategy to strengthen multi-niche specialization

In alignment with the focus on select areas, the Company's investment and focus is dedicated on growing to attain leadership in each sector. This has helped the Company to compete and win in these areas against much larger and more established vendors.

Innovating service delivery is a very high priority for the Company. It is with this objective that the Company consciously invests in its Innovations Lab. The Innovations Lab is tasked with creating innovative tools and methodologies that accelerate value creation for the customers. The Innovations lab has industry leading tools like AKIVA (Data Masking application), Data Migrator Workbench (ERP data migration), PROBE (ERP Upgrade and Customizations Estimator) and many more.

Hexaware size-the right size

Being a right-sized company, the Company has the ability to demonstrate adaptability and flexibility in its operations to suit the dynamic needs of its customers. The Company has demonstrated capability in meeting resource and infrastructure requirements for large projects, at the same time remaining small enough for relationship comfort.

Directors' Report

Working closely with 50+ Fortune/Global 500, the Company does not believe that one size fits all. The Company weaves together the right ecosystem with its project, making sure the engagement gets the full attention it deserves. It's this scalable and customized approach that has kept the customers coming back to the Company at an astonishing 93% rate.

Innovative Execution Model

As a mid-size vendor, the Company provides a great deal of responsiveness in both the contractual and delivery models. This includes using innovative pricing and payment models that meet the unique expectations of its clients, as also optimizing its SEI CMMI Level 5 processes to meet specific customer requirements. The Company's adaptable working relationships stretch from fixed time/ fixed fee/ time and material to Shared services model. Part of this flexibility derives from its unique size. As a "right-sized" company, the Company has the ability to demonstrate adaptability and flexibility in its operations to suit the dynamic needs of its customers. The Company can meet the resource and infrastructure requirements for large projects, while also remaining small enough to deliver excellent customer service.

Committed Top Management

The management team at the Company takes personal interest in developing every client relationship to ensure that the customer comes first. The relationship and account managers ensure single point of contact and the well-defined escalation and risk management and mitigation procedures has ensured repeat business to the extent of 93%.

Flexibility and Responsiveness: Committed to making investments in account management and in building long-term, trusted relationships. One of the advantages that the Company deserves is flexibility in terms of business model, engagement model and relationship model to ensure that the clients derive greatest benefit from this relationship.

Effective delivery & Outsourcing models

The Company has invested in building significant onsite delivery and consulting capability to absorb the process overheads of offshore by locating the business practice leaders, account managers and top management team in North America. This structure enables quicker decision-making and ease of access to customers.

The Company has an enviable track record in building, operating and delivering solutions from large offshore development centres (ODC). The Company offers proven business model for customers looking to exploit delivery capabilities across the globe. The Company's models provide a framework for outsourcing large application and product management services and provide the customer with economies of scope and scale.

The Company's team of experienced consultants comes with industry and domain expertise that is truly unmatched in the IT outsourcing industry. The Company's "partner-in-business" approach means it makes the necessary investments in people, processes and technologies to ensure success for its customers. The Company's key interest is to ensure business success for its customers. It ensures this by providing not just a superior technology platform, but also by helping run processes on these applications more efficiently and effectively. Caliber Point, The Company's BPO subsidiary is trusted by organizations all over the world to run its HR, Healthcare, Finance and Knowledge process areas. Together with Caliber Point, the Company offers end-to-end solutions that meets all the IT and IT-enabled process needs.

Program Risk Management

The 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. The Company has established processes to identify and mitigate any risk during the transition process as well as when the relationship is stable. The Company invokes such processes to ensure the overall risk or delays, which can hinder the success of the ODC, are minimized.

Program risk management delivers the following values:

- Contributes to project success;
- Recognizes uncertainty and provides forecasts of possible outcomes;
- Produces better business outcomes through more informed decision making;
- Is a positive influence on creative thinking and innovation;
- Offers better control and improved decision making – less time wasted, greater focus on benefits;

Multi-Cultural Dimension

The Company operates on a global platform, working with several Fortune 500 customers in North America, Europe and Asia Pacific. The Company's global footprints span across 5 continents, 20 countries and 35 locations. This gives a unique understanding and access to not only the business practices but also the cultural and work-ethics in different regions and industry sectors.

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

The Company 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 the organisational objectives.

Process and Methodologies

The Company has institutionalised a number of processes and innovative methodologies, which has built in risk mitigation strategies and cost efficiencies. The Company's approach addresses the key issues of transition management and operational efficiency improvement.

The Company has received numerous certifications till date, including ISO 9001:2008, Tick IT, SEI – CMMI Level 5 and ISO 27001. The Company is also a recepient of SSAE16 & ISAE-3402 - Type II certification at an organization level. The 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.

The Company is now certified for ISO 20000. ISO 20000 is an IT Service Management Standard which incorporates best practices from ITIL. The Company started working on process definitions based on ITIL & ISO 20000 in Feb 2012, followed by implementation across locations and a final certification audit by Bureau Veritas in Jan 2013. ISO 20000 is the international IT service management standard that enables IT organizations (whether in-house, outsourced or external) to ensure that their IT service management processes are aligned both with the needs of the business and with international best practices.

Company focused on Corporate Governance

The Company has two "Big 4" firms as auditors - Deloitte Haskins & Sells as its Statutory Auditors and KPMG as its internal auditors. Ernst & Young are the tax advisors of the Company. The Company's Board of Directors comprises 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 the Company has followed Cadbury Committee's recommendation of having two different individuals as Chairman & CEO for several years.

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

Other initiatives

- High Risk Project Management: The Company has a special cell called High Risk Project Monitoring (HRPM) group which systematically identifies potential high risk projects and works along with various internal stakeholders to mitigate those risks. A framework called CIBI (Criticality Index and Benefit Index) is used to identify such projects. Once identified as a High Risk project, these projects are monitored very closely for proactive identification and resolution of issues. A steering committee meeting is held to discuss high risk projects at regular intervals. The steering committee includes Global head delivery, unit heads, function heads, CFO and CPO.

Risk Management

The Company has put in place a Enterprise Risk Management (ERM) function which oversees the risk management of the Company on an ongoing basis. The primary objective of ERM function is to implement a framework that augments risk response decisions and reduce surprises.

The ERM policy, approved by the Board, has laid down the risk management process, governance and reporting structure. The policy also stresses on risk governance to ensure risk management principles are followed throughout the organization and a risk culture is inculcated. Risk Management is an integral part of the Company's business model. The business practices at the Company 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 ERM process is executed through the Risk Management Committee (RMC) represented by the business and functional heads within the Company. The RMC is responsible for setting policy and strategy for enterprise risk management and ensuring that risk management policies are implemented. The Board of Directors and senior management team recurrently assess the operations and operating environment to identify potential risks and take necessary mitigation actions. The Forex Committee and the Banking, Investments & Operations Committee of the Board oversee activities related to Foreign Exchange matters and the Banking, Investments & Operations respectively.

Key elements of risks

Macro-economic risks:

The slowdown in global economy especially Europe and US economies, the regulatory or political changes, and alterations in the competitive landscape may affect the Company's operations and outlook. This risk is mitigated to some extent due to the Company's presence in multiple, diverse markets from North America to Europe and Asian region.

Competition-led risks:

The Company operates in a highly competitive environment in both India and abroad. Shifts in clients' and prospective clients' outlooks may affect its business. This is mitigated as the Company has strong domain expertise, robust delivery capabilities, and significant project experience.

Directors' Report

Account risks:

The Company's strategy is to engage with a few strategic customers and build long-term relationships with them. Any change in customer priorities and internal strategies can have an adverse impact on the Company's operations and outlook though the Company has well rooted and involved in their critical and strategic initiatives. Therefore, client concentration related risks are mitigated to an extent.

Delivery and operational risks:

The Company's operating performance is subject to risks associated with factors that may be beyond its control, such as the termination or modification of contracts and non-fulfillment of contractual obligations by clients due to their own financial difficulties or changed priorities or other reasons. The Company does have mechanisms in place to prevent such situations. The Company does take necessary insurance or related cover in cases as necessary.

Internal Audit & Controls

The Company continues to engage KPMG as its internal auditor. During the year, the Company continued to implement their suggestions and recommendations to improve the control environment. Their scope of work includes safeguarding the assets of the 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

The Company focuses on attracting and retaining the key skills needed to achieve organizational objectives, achieving organizational goals through performance management process/ system and improving capabilities by implementing robust employee development programmes.

The Company has a systematic process of identifying future leaders needed by the organization and preparing them to take higher positions by implementing a robust leadership development program.

The HR/organization development team implemented the fast tracker program and conducted leadership development program for the Management team. The Company also implemented an exhaustive training programme especially designed for first time managers to equip them on people management and other relevant skills.

The Company continued its focus on programs that foster sound employee relations, improve employee engagement, promoting the wellbeing of its employees, and ensuring competitive rewards for employees.

The Company focuses on talent management that has created right impact on productivity and contributed towards creating value.

HexaVarsity

Learning& Development

The Company is now 9000+ 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 the 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 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 the Company'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 2012, Hexavarsity trained 525 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. 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, the Company launched several new Business aligned training programs. In this year, Hexavarsity launched two Business Professional Development Programs, Energize and Elevate, as part of a renewed focus on Soft Skills and Behavioral Competency Development. The Energize program is for the graduates of the Foundation Training Program (FTP) during the first year of their employment with the Company, to help transition them into the professional world. The Elevate Program is for all employees, to build soft skill competency which would propel the employee to better and hire role. Also in this year Hexavarsity launched the Management and Leadership Development program.

For global employees this year the Company migrated and enhanced its Online Learning Management System – from HexaGuru to HexaGuru+. HexaGuru+ covers a wide range of enterprise needs with Search Engine, Business Certifications with mentoring options and Collaborative Networking Module for Knowledge Sharing. This year the Company started new Library facility in Chennai Development Center, which has provision to house 25,000 books, seating for 100+ people and E-learning room. This year Technical Competency Development Framework (TCDP) enhanced – includes training materials and assessment question bank.

As part of the industry and academia collaboration the Company hosted a three day workshop for a leading College of Engineering. The workshop covered an overview of the functioning of an IT Service provider and key expectations in terms of domain and technology and other requirements. The work shop ended with the staff of Engineering College acknowledging the relevance of the workshop by summarizing the key takeaways which they would try and incorporate in their curriculum.

Corporate Governance and Management Discussion and Analysis

The 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, the Company has instituted the Employee Stock Option Scheme, 2002, Employee Stock Option Scheme, 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 2012, following were the movements under ESOPs: 3,186,363 options were exercised and the Company allotted 3,186,363 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.

No options were granted under any of the schemes during the year 2012.

Fixed deposits

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

Insurance

The 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. The 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& Officer's 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 the Company from claims from employees or third parties on account of any actual or alleged Employment Practice Violation.

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

Property / Casualty:

The 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 the Company are covered under various employee benefit Insurance against Hospitalization, Accidental Disability and Death.

Directors' Report

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 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 the Company has 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, 2012 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 wholly owned subsidiary company, M/s. Rampran Infotech Limited stands dissolved w.e.f. February 12, 2013.

Directors

In accordance with the Articles of Association of the Company, Mr. Ashish Dhawan, Mr. S Doreswamy and Mr. P R Chandrasekar, 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. Ashish Dhawan, Mr. S Doreswamy and Mr. P R Chandrasekar are Directors etc. is being provided separately in the Annexure on Page No. 68 of the Corporate Governance Report of this Annual Report. Members are requested to refer 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 8, 2013 recommending re-appointment of M/s. Deloitte Haskins & Sells as Statutory Auditors of the Company, for the financial year 2013, the Board of Directors have, subject to the approval of the shareholders, at their meeting held on February 11, 2013 approved the re-appointment of M/s. Deloitte Haskins & Sells as the Statutory Auditors of the Company for the financial year 2013 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

The 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. The Directors are also deeply touched by the efforts, sincerity and loyalty displayed by the employees without whom the growth of the Company is unattainable. The Directors wish to thank the investors and shareholders for placing immense faith in them. The 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: March 29, 2013

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:

The Company is entirely a services company and thus essentially, a non-energy intensive organization. Additionally, the 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.

The Company acknowledges that power conservation is a necessity not only for future availability, but also environmental safety. Thus, the 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.

The 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, the 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. Through exchange of ideas and leveraging competencies, the Company has increased its market presence and delivered integrated best in breed offerings.

For e.g. the Company is actively engaging with Oracle in order to ready itself for the launch of PeopleSoft v9.2. Also the Companyhas actively invested in increasing its competencies in the Oracle Fusion range of products particularly focusing on Human Capital Management modules. Leveraging its Platinum partner status in the Oracle Partner Network ®, the Company has engaged with Oracle in participating in the Pre-release Testing phase of Oracle Fusion Product modules.

At the same time, the Company 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.

The 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. The Company has made representations in multiple industry seminars and conferences – useful in absorbing contemporary trends in technology and business processes from the industry.

RESEARCH & DEVELOPMENT:

The Company has a state-of-the-art Research and Development wing carrying on Research and Development activities to create Intellectual Property for the 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.

The 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.

The 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, the 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.

The Company's list of Intellectual Property rollouts is impressive and spans across almost all its focus verticals and practices as also emerging areas of interest. The dedicated 'Innovation Infrastructure' – 'Innovation Council' and 'Innovation Labs' framework, co-ordinates closely with focus practice groups to pilot and continuously test these incubated ideas.

Some tools, accelerators and other IP produced by the innovative minds this year would include Analytics for Investment Management (AIM) in Enterprise Data Management, WorkQuikr in Mobility.

FOREIGN EXCHANGE EARNINGS AND OUTGO:

The details of Foreign Exchange Earnings and Outgo are mentioned in Note No. 35, 36, 37 and 38 of the Notes forming part of the Standalone Accounts of the Company.

For and on behalf of the Board of Directors

Atul K. Nishar
Chairman

Place: Mumbai
Date: March 29, 2013

ESOP Disclosures

ESOP Disclosures in terms of SEBI (EMPLOYEE STOCK OPTION SCHEME AND EMPLOYEE STOCK PURCHASE SCHEME) GUIDELINES, 1999

Sr. No.	Description	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	
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
	Net Results (In ₹ millions)	(0.01)	(0.01)	37.02	37.02	1.02	1.02
	Earning Per Share: Basic (In ₹)			Consolidated	Standalone		
	As Reported			11.09	9.66		
	Adjusted Pro Forma			10.96	9.54		
	Earning Per Share: Diluted (In ₹)						
	As Reported			10.89	9.50		
	Adjusted Pro Forma			10.77	9.37		
3	Description of each type of employee share-based payment plan that existed at any time during the year including the following -						
	Total No. of Options under the Plan	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 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 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	7 years		7 years		7 years	
	Method of settlement	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 (₹)
	- Outstanding at the beginning of the year	555,280	12.48	9,166,324	30.85	178,680	28.83
	- Granted during the year	-	-	-	-	-	-
	- Forfeited / lapsed during the year	84,378	12.45	176,967	38.68	-	-
	- Exercised during the year	213,738	12.49	2,909,124	19.05	63,501	27.35
	- Outstanding at the end of the year and	257,164	12.48	6,080,233	36.26	115,179	29.65
	- Exercisable at the end of the year	100,000	12.45	1,510,112	31.84	742	5.00
5	Number of options vested	100,000		1,510,112		742	
6	Total number of shares arising as a result of exercise	213,738		2,909,124		63,501	
7	Money realised by exercise of options (₹ million)	2.67		55.41		1.74	

<table>
<tr><th>Sr. No.</th><th>Description</th><th>ESOP - 2002</th><th>ESOP - 2007</th><th>ESOP - 2008</th></tr>
<tr><td>8</td><td>Employee wise details of options granted to:
- Senior managerial personnel;
- Employees holding 5% or more of the total number of warrants/options granted during the year
- Identified employees who were granted warrant/ option, during anyone year equal to or exceeding 1% of the issued capital (excluding outstanding warrants/options and conversions) of the Company at the time of grant.</td><td>No grants made during the current year</td><td>No grants made during the current year</td><td>No grants made during the current year</td></tr>
<tr><td rowspan="7">9</td><td rowspan="7">For stock options outstanding at the end of the year, 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</td><td colspan="3">Details for ESOP 2002, 2007 and 2008 Scheme:</td></tr>
<tr><td>Price range ₹</td><td>Nos.</td><td>Weighted average remaining life (months)</td></tr>
<tr><td>5 - 13.3</td><td>3,423,703</td><td>39</td></tr>
<tr><td>30.7 - 42.85</td><td>610,500</td><td>53</td></tr>
<tr><td>51.98 - 79.85</td><td>2,418,373</td><td>64</td></tr>
<tr><td>Total</td><td>6,452,576</td><td></td></tr>
<tr><td colspan="3"></td></tr>
<tr><td>10</td><td>For stock options granted during the year, the weighted average fair value of those options at the grant date and information on how the fair value was measured including the following -
- Option pricing model used
- Inputs to that model including -
- weighted average share price (₹)
- exercise price (₹)
- expected volatility
- option life (comprising vesting period+ exercise period)
- expected dividends
- risk-free interest rate
- 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.
- Any other features of the option grant were incorporated into the measurement of the fair value, such as market conditions</td><td>No grants made during the current year</td><td>No grants made during the current year</td><td>No grants made during the current year</td></tr>
<tr><td>11</td><td>For other instruments granted during the year (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</td><td>No other instruments were granted during the year</td><td>No other instruments were granted during the year</td><td>No other instruments were granted during the year</td></tr>
</table>

ESOP Disclosures

Sr. No.	Description	ESOP - 2002	ESOP - 2007	ESOP - 2008
12	For employee share-based payment plans that were modified / varied during the period - - Explanation of those modifications/ variations - Incremental fair value granted (as a result of those modifications/ variations) - Information on how those incremental fair value granted was measured, consistently with the requirements set out in points 7 and 8 of SEBI ESOP guidelines.	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 (₹ million)	Nil (as the intrinsic value is 0)	0.59	0.14
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)	0.59	0.14
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
16	Diluted earnings per options (EPS) pursuant to issue of shares on exercise of option. (in ₹)	Consolidated 10.89		Standalone 9.50

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	FocusFrame Europe BV,Netherland	Rampran Infotech Limited, India[2]	Hexaware Technologies DO Brazil Limited, Brazil
2.	The Financial Year of the Company ended on	31st December, 2012	31st December, 2012	31st December, 2012	31st December, 2012	31st December, 2012	31st December, 2012	31st December, 2012	31st December, 2012	31st December, 2012	31st December, 2012	31st December, 2012
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
4.	Holding Company's Interest	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	2,167,000 equity shares of GBP 1 each	5,00,000 equity shares of SING$ 1 each	1 Common Stock of no par value	2 Participation Shares of 8087502 Pesos	1,000,000 equity shares of ₹ 10 each	11,780,000 equity shares of ₹ 10 each	1800 Common Stock of Euro 10 each	50,000 equity shares of ₹ 10 each	1,800 equity shares of BRL 1 each
6.	Reporting Currency	USD	EURO	GBP	SD	CAD	MXN	INR	INR	EURO	INR	BRL
7.	Exchange Rate	55.00	72.51	88.92	45.03	55.26	4.22	-	-	72.51	-	26.87
8.	Capital	441.70	13.12	192.68	22.51	1.29	34.15	10.00	117.80	1.31	0.50	0.05
9.	Reserves	774.90	160.29	18.28	152.65	50.34	51.23	(13.96)	643.64	104.41	(0.05)	-
10.	Total Assets	4,147.84	283.52	396.97	234.20	62.27	219.01	5.13	931.19	111.10	0.45	12.23
11.	Total Liabilities	2,932.33	110.11	186.01	59.04	10.64	133.63	9.09	169.75	5.38	-	12.18
12.	Details of Investments (other than subsidiaries)	-	-	-	-	-	-	-	-	-	-	-
13.	Turnover	11,740.76	1,158.81	1,058.57	540.67	107.91	457.68	5.76	990.56	49.72	-	33.07
14.	Profit/(Loss) Before Taxation	463.60	25.77	23.39	54.83	8.98	37.57	3.37	59.12	16.43	-	1.56
15.	Provisions for Taxation	186.71	8.99	6.35	8.10	2.37	13.03	0.59	(17.16)	3.54	-	1.10
16.	Profit/(Loss) After Taxation	276.89	16.78	17.04	46.73	6.61	24.54	2.78	76.28	12.89	-	0.46
17.	Proposed Dividend, if any	NIL	NIL	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, 2012											
	a. Fixed Assets	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	b. Investments	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	c. Money Lent	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	d. Money borrowed other than those for meeting Current Liabilities	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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) Rampran Infotech Limited was closed w.e.f. February 12, 2013
3) Hexaware Technologies SRL, Argentina, Company name was struck off from General Justice Bureau of Argentina w.e.f February 10, 2012.

For and on behalf of the Board

Atul K. Nishar
(Chairman)

Place : Mumbai
Date : February 11, 2013

Report on Corporate Governance

The detailed report on Corporate Governance, for the financial year January 1, 2012 to December 31, 2012 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

Corporate Governance for Hexaware is a motto to attain growth in all facets and to meet the interests of all stakeholders in the most fair and transparent manner. We firmly believe that it is only through good corporate governance practices that a sustainable growth of the organisation is ensured and long-term shareholder value is created. Hence, our endeavour is always to go beyond the letter of the law and observe corporate governance practices in true spirit of the law, with pre-eminent level of accountability, transparency and integrity.

Hexaware's commitment to ethical and lawful business conduct is a fundamental value of our Board of Directors, management and employees and is critical to the company's success. We strive to uphold ethical and legal standards at all costs. We continuously build value for customers through innovative use of technology and talent without compromising on our core values such as honesty and integrity. We also believe that accurate and timely disclosures improve public trust and consequently attracts various stakeholders towards the Company.

We are committed to adopt best International practices in Corporate Governance. There is a 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 the Company. The Company has adopted the Hexaware Code of Conduct and Hexaware Prevention of Insider Trading Program. The Company also has in place an Information Security Policy that ensures proper utilisation of the IT resources. Further, the Company provides detailed disclosures in quarterly financial statements to show where the funds are invested/ held in a safe manner. The Company has also implemented the Corporate Governance - Voluntary Guidelines 2009 in a substantial manner. With the focus on the core corporate governance principles of accountability, transparency and integrity and adoption of suitable global, local and industry best practices the Company is moving ahead in its pursuit of excellence in corporate governance.

2. Board of Directors

2.1 Composition and category of Directors:

The composition of the Board of Directors of the Company represents the optimum combination of professionalism, knowledge and experience. The Board comprises of eleven (11) Directors as on December 31, 2012. 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 Annual Report.

The composition of the Board of Directors of the Company as on December 31, 2012 is given below:

Name	Designation	Independent/ Non-Independent	Shareholding as on 31st Dec'12
Mr. Atul K. Nishar	Chairman	Non-Independent	#80,000
Mr. P. R. Chandrasekar	Vice-Chairman & Global CEO	Non-Independent	*2,398,712
Mr. R. V. Ramanan	Executive Director	Non-Independent	196,178
Mr. Abhay Havaldar	Director	Non-Independent	Nil
Mr. Ashish Dhawan	Director	Non-Independent	Nil
Mr. L. S. Sarma	Director	Independent	20,000
Mr. Shailesh V. Haribhakti	Director	Independent	10,000
Mr. Bharat Shah	Director	Independent	@ 110,000
Ms. Preeti Mehta	Director	Independent	50,000
Mr. Subrata Kumar Mitra	Director	Independent	50,000
Mr. S. Doreswamy	Director	Independent	10,000

\# 79,000 shares were sold by Mr. Atul Nishar on February 21, 2013 which reduced his holding to 1,000 shares. The same numbers of shares were purchased by another promoter company Elder Venture LLP on the same day, i.e February 21, 2013.

* 412,500 shares were sold by Mr. P R Chandrasekar in February/ March 2013 and his current holding is 1,986,212 shares.

@ 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 four Board Meetings were held respectively on February 2, 2012, April 27, 2012, July 31, 2012 and November 1, 2012.

The attendance of the Directors at the Board Meetings and the Annual General Meeting held during the year 2012 was as follows:

Directors	Board Meetings attended during the year	Whether attended last AGM	Other Directorships/ Board Committees (Numbers)	
			Directorship of other Indian Public Companies	Board Committee Membership/ (Chairmanship)
Mr. Atul K. Nishar	4	Yes	-	-
Mr. P. R. Chandrasekar	4	Yes	2	-
Mr. R. V. Ramanan	4	Yes	2	-
Mr. L. S. Sarma	4	Yes	2	1(1)
Mr. Bharat Shah	4	Yes	4	1
Mr. Shailesh V. Haribhakti	4	Yes	12	10(5)
Mr. Abhay Havaldar	4	Yes	3	1
Ms. Preeti Mehta	4	Yes	1	1
Mr. Subrata Kumar Mitra	4	Yes	5	1
Mr. Ashish Dhawan	3	No	-	-
Mr. S. Doreswamy	3	Yes	5	6(2)

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, 2012 have been made by the Directors.
2. The committees considered for the above purpose include and 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.

Report on Corporate Governance

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 the Company)
Mr. R. V. Ramanan	Risk Technology International Limited, Rampran Infotech Limited* (both 100% subsidiaries of the Company)
Mr. L. S. Sarma	Granules India Limited, Caliber Point Business Solutions Limited (100% subsidiary of the Company)
Mr. Shailesh V. Haribhakti #	Pantaloon Retail (India) Limited, Torrent Pharmaceuticals Limited, Ambuja Cements Limited, ACC Limited, Raymond Limited, L & T Finance Holdings Limited, Blue Star Limited, Mahindra Lifespace Developers Limited, National Securities Depository Limited, J K Paper Limited, Viom Network Limited, NuFuture Haribhakti Business Services
Ms. Preeti Mehta	Bagalkot Cement & Industries Limited
Mr. Subrata Kumar Mitra	SKP Securities Limited, Mangal Keshav Securities Limited, LIC Nomura Mutual Fund AMC Limited, Usha Martin Education & Solutions Limited, AMR Constructions Limited
Mr. Bharat Shah	HDFC Securities Limited, Hill Properties Ltd., IDFC Alternatives Limited, IDFC Pension Fund Management Company Limited
Mr. Abhay Havaldar	Jubilant Life Sciences Limited, Infotech Enterprises Limited, National Stock Exchange of India Limited
Mr. Ashish Dhawan	NIL
Mr. S. Doreswamy	Caliber Point Business Solutions Limited (100% subsidiary of the Company), Ceat Limited, Pantaloon Retail India Limited, Shakti Sugars Limited, DSP Merill Lynch Trustee Co. Ltd.

* Rampran Infotech Limited stands dissolved w.e.f. February 12, 2013

Mr. Shailesh V. Haribhakti is an Alternate Director in 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.
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. Ashish Dhawan** has been the Director of Hexaware Technologies Limited since May 2009. Ashish is the Founder and CEO of Central Square Foundation. He is an entrepreneur and philanthropist who guides the Foundation with his strategic vision, values and fresh approach to philanthropy. At present Ashish is transitioning from his role as Sr. Managing Director, ChrysCapital; a private equity firm that he co-founded in 1999. He joined Central Square full time starting July 2012, to pursue his goal of creating social impact via philanthropic investments in the K-12 education space.

   Ashish is also a founding member of Ashoka University, India's first Liberal Arts University that is being set-up in Sonipat (Haryana) in collaboration with University of Pennsylvania, with the goal of transforming the paradigm of higher education in India. He serves on the board of several non-profits including Teach For India, Centre for Civil Society, Janaagraha and GiveLife. He is also a member of the HBS India Advisory Board.

   Previously Ashish has worked with leading investment institutions such as ChrysCapital, Goldman Sachs, GP Investments and MDC Partners. He is an MBA with distinction from Harvard University and a dual bachelors (BS/BA) holder in applied mathematics and economics with Magna Cum Laude honours from Yale University.

2. **Mr. S. Doreswamy** has been the Director of Hexaware Technologies Limited since February 2010. He is a fellow of the Indian Institute of Banking and Finance and a post graduate in law and has completed his graduation in Science.

   He has over 35 years of productive and rewarding experience in commercial banking preceded by practice as an Advocate in the High Court for about 3 years after completing University graduation.

   Mr. S. Doreswamy was Chairman and Managing Director of Central Bank of India, Mumbai, one of the largest public sector banks. This was an eventful tenure of about 4 years when he successfully steered the loss making bank towards greater growth and profitability signifying a marked turnaround in its operations. The bank, under his stewardship, became financially stronger and registered the highest level of profit in its history.

   Prior to the above assignment, he was the Chairman and Managing Director of Dena Bank, a public sector bank, after having been its Executive Director. He held different administrative and operational assignments during his tenure with the bank.

   He is also a director in many other companies viz. Caliber Point Business Solutions Limited, Ceat Limited, Pantaloon Retail India Limited, Shakti Sugars Limited and DSP Merill Lynch Trustee Co. Ltd.

3. **Mr. P. R. Chandrasekar** has been the Director of Hexaware Technologies Limited since June 2008. Mr. P. R. Chandrasekar has a successful track record of driving revenue growth/margins for a company including experience in mergers and acquisitions, business development, channel development and strategic initiatives. Prior to joining Hexaware, he was President Americas and Europe at Wipro and was responsible for the strategic development of these geographies. Chandrasekar joined Wipro in May 2000 from GE India where he was Director, Business Development. He has a degree in Engineering from the Indian Institute of Technology, Madras (IIT-M) and has done his MBA from the Jamnalal Bajaj Institute of Management Studies, Mumbai University.

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 reflect true and fair position and that sufficient and credible information is disclosed

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

Report on Corporate Governance

- 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 and are as per Accounting Standard 18.

(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 audit charter, 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, 2012: Mr. S. Doreswamy (Chairman),Mr. Shailesh V. Haribhakti (Ceased to be Chairman w.e.f. July 30, 2012), Mr. L. S. Sarma, Mr. S. K. Mitra, Mr. Abhay Havaldar and Ms. Preeti Mehta, all being Non-Executive Directors.

All members of the Audit Committee have accounting and financial management expertise. Mr. S. Doreswamy 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 five times respectively on February 1, 2012, April 26, 2012, June 6, 2012, July 30, 2012 and October 31, 2012 and the necessary quorum was present at the meetings.

Mr. Shailesh Haribhakti, the then Chairman of the Audit Committee had attended the Annual General Meeting (AGM) of the Company held on April 27, 2012 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 2012 :

Name of the Director	Category	No. of meetings held during the year	
		Held	Attended
Mr. S. Doreswamy–Chairman (w.e.f. July 30, 2012)	Independent	5	4
Mr. Shailesh V. Haribhakti – (Resigned as Chairman w.e.f. July 30, 2012)	Independent	5	5
Mr. L. S. Sarma	Independent	5	5
Mr. S. K. Mitra	Independent	5	4
Mr. Abhay Havaldar	Non-Independent	5	4
Ms. Preeti Mehta	Independent	5	5

4. Remuneration and Compensation Committee

4.1 Brief description, terms of reference, Composition, name of Members and Chairman:

The Remuneration and Compensation Committee of the Company comprised of the following members as on December 31, 2012: Mr. L. S. Sarma (Chairman), Mr. Bharat Shah, Mr. Ashish Dhawan and Mr. Abhay Havaldar, 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 2012:

During the year, Remuneration and Compensation Committee met 6 (six) times respectively on February 1, 2012, March 22, 2012, April 26, 2012, June 27, 2012, July 30, 2012 and October 31, 2012 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. Abhay Havaldar	Non-Independent	6	5
Mr. Bharat Shah	Independent	6	6
Mr. Ashish Dhawan	Non-Independent	6	3

4.4 Details of Remuneration paid or payable to Directors during the year 2012:

(Amount in ₹)

Name of the Director	Mr. R. V. Ramanan – Executive Director
Salary and allowances	12,648,886
ESOP Perquisite	13,733,372
Contribution to Provident Fund and Other Funds	415,084
Other Perquisites	62,061
TOTAL	**26,869,404**

Note : the above figure does not include provision for compensated absences, gratuity and premium paid on group Health Insurance.

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.

Report on Corporate Governance

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, 2012 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/ Committees Meetings	Commission paid for 2012	Notice Period
	Total No. of Options held as at 31.12.2012 (ESOP 2007/2008 scheme)	Amount in (₹)	Amount in (₹)	
Mr. Atul K. Nishar	Nil	N.A.	N.A.	N.A.
Mr. P. R. Chandrasekar	707,754 312,224 –Performance Options	N.A.	N.A.	90 days
Mr. R. V. Ramanan	361,500 27,322 –Performance Options	N.A.	N.A.	90 days
Mr. L. S. Sarma	10,000	300,000/-	1,000,000/-	N.A.
Mr. Shailesh V. Haribhakti	10,000	200,000/-	1,000,000/-	N.A.
Ms. Preeti Mehta	10,000	220,000/-	1,000,000/-	N.A.
Mr. S. K. Mitra	10,000	180,000/-	1,000,000/-	N.A.
Mr. Bharat Shah	10,000	240,000/-	1,000,000/-	N.A.
Mr. Ashish Dhawan	Nil	N.A.	N.A.	N.A.
Mr. S. Doreswamy	10,000	160,000/-	1,000,000/-	N.A.
Mr. Abhay Havaldar	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 Rs.56,180/- 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.

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 ₹ 5/- per share. 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.

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, 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, 2012 and the attendance record is given below, all being Non-Executive Directors:

During the year, Shareholders Grievances Committee met 1 (one) time on October 31, 2012 and the attendance of the Members is as given below:

Name of the Director	Category	No. of meetings held during the year	
		Held	Attended
Mr. S. K. Mitra (Chairman)	Independent	1	1
Mr. S. Doreswamy	Independent	1	0
Ms. Preeti Mehta	Independent	1	1
Mr. R. V. Ramanan	Non-Independent	1	1

5.3 Details of shareholders complaints received, cleared and pending, during the year 2012:

Nature of Complaints	Received	Cleared	Pending
Dividend, Interest and Redemption	2	2	0
Annual Report	2	2	0
Others/ Miscellaneous	6	6	0
TOTAL	**10**	**10**	**0**

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

Pending Transfers: There are no pending transfers as on December 31, 2012.

Report on Corporate Governance

5.4 Company Secretary and Compliance Officer as on December 31, 2012:

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

5.5 Other Committees of the Board:

i) **Banking, Investments and Operations Committee:** The Banking, Investments & Operations Committee of the Board pro-actively reviews the Investment Policy of the Company, which has led to a timely change in investments, ensuring safety, liquidity and returns on the surplus funds.

ii) **Forex Committee:** The Forex Committee of the Board oversees activities related to Foreign Exchange matters. A Foreign Exchange Risk Management Policy is in place to mitigate the key operational risks and risks of adverse exchange rates.

iii) **Capital Issue Committee :** The Capital Issue Committee of the Board approves the issue of securities by the Company. Generally the shares issued upon exercise of options by employees / directors under ESOP schemes are approved by the Capital Issue Committee.

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 and the special resolutions passed:

Financial year	General Meeting	Location	Date	Time	Special resolutions passed
2011	19th Annual General Meeting	M. C. Ghia Hall, 4thFloor, Bhogilal Hargovinddas Building, 18/20, K. Dubhash Marg, behind Prince of Wales Museum/Kala Ghoda, Mumbai – 400 001.	Friday, April 27, 2012	4.00 p.m.	NA
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.	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	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.	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.

7.2 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 with the Company at large. Transactions with related parties are disclosed in Note No. 28 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 which lays down the guidelines and the procedure to be followed and disclosures to be made, while dealing with shares of the Company

(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) Statutory financial statements of the company are unqualified

(iii) The Company has adopted a whistle blower policy. 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. No personnel has been denied access to the audit committee.

(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, business practices 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 communications were published in Free Press Journal, Business Standard in English and Navshakti, Sakal in Marathi.

(b) The Company's audited and un-audited periodical financial results, FAQs, press releases and the presentations made to institutional investors and analysts 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 Twentieth Annual General Meeting:

Date	April 30, 2013
Time	4.00 p.m.
Venue	Walchand Hirachand Hall (4th Floor), LNM IMC Building Trust, IMC Building, IMC Marg,Churchgate, Mumbai – 400 020.

Report on Corporate Governance

10.2 Financial Calendar for the year 2012:

Financial year	**January 1, 2012 to December 31, 2012**
Dividend Payment	1st Interim Dividend paid on May 17, 2012 @ Rs.1.50 per share (75%) which may be confirmed by the shareholders at the ensuing Annual General Meeting. 2nd Interim Dividend paid on August 16, 2012 @ ₹ 1.50 per share (75%) which may be confirmed by the shareholders at the ensuing Annual General Meeting. 3rd Interim Dividend paid on November 22, 2012 @ ₹ 1.20 per share (60%) which may be confirmed by the shareholders at the ensuing Annual General Meeting. The Board of Directors have recommended final dividend @ ₹ 1.20 per share (60%) which may be approved by shareholders at the ensuing Annual General Meeting.
Book Closure	Monday, April 1, 2013 to Friday, April 5, 2013
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, London EC4M 7LS

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	

Corporate Identification number of the Company (CIN): L72900MH1992PLC069662

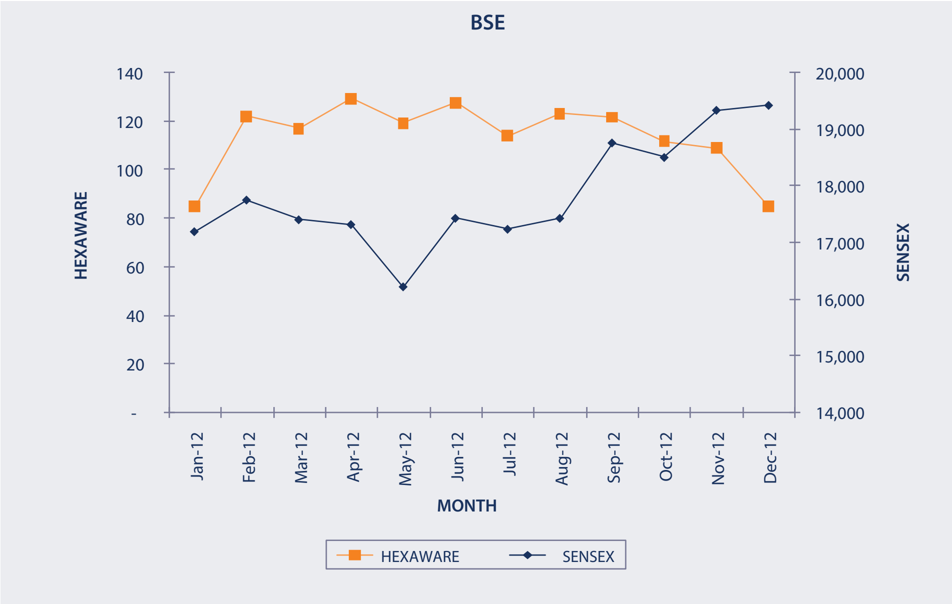
10.5 Stock Market Data:

The high/ low of the shares of the Company from January 2012 to December 2012 is given below :

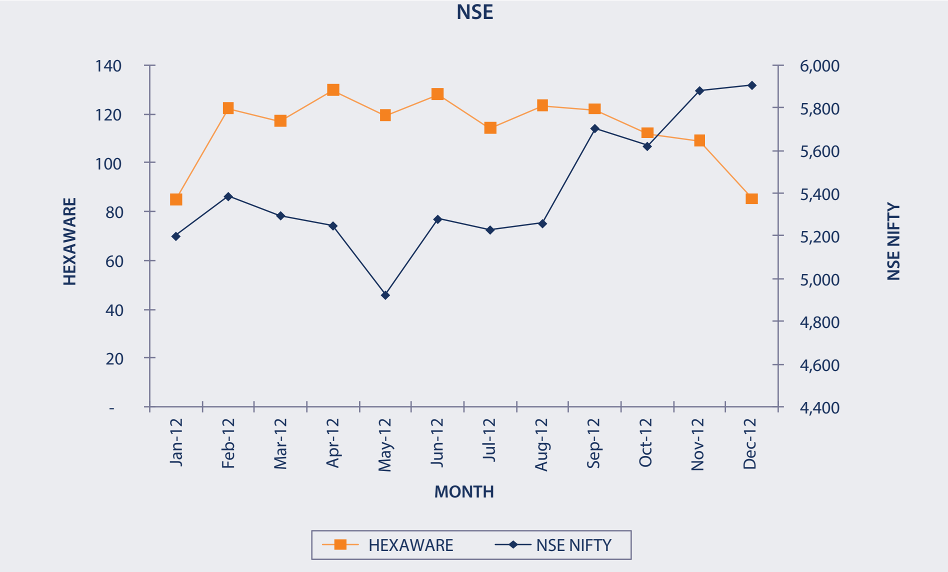
Month	Bombay Stock Exchange (₹)		National Stock Exchange (₹)	
	High	Low	High	Low
January'12	85.95	75.00	86.00	75.00
February'12	122.90	85.85	123.00	86.00
March'12	125.00	103.00	125.10	103.05
April'12	133.90	115.65	133.85	115.00
May'12	130.60	113.00	130.55	112.25
June'12	130.20	112.05	130.45	112.05
July'12	129.80	109.90	129.50	109.80
August'12	125.10	110.00	125.15	112.65
September'12	142.00	117.25	140.90	117.40
October'12	124.60	108.30	124.90	108.40
November'12	116.25	98.20	116.35	98.15
December'12	111.60	84.10	111.70	84.00

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

10.6 Stock Performance:



Report on Corporate Governance



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 within 15 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 week.

10.9 Distribution of Shareholding:

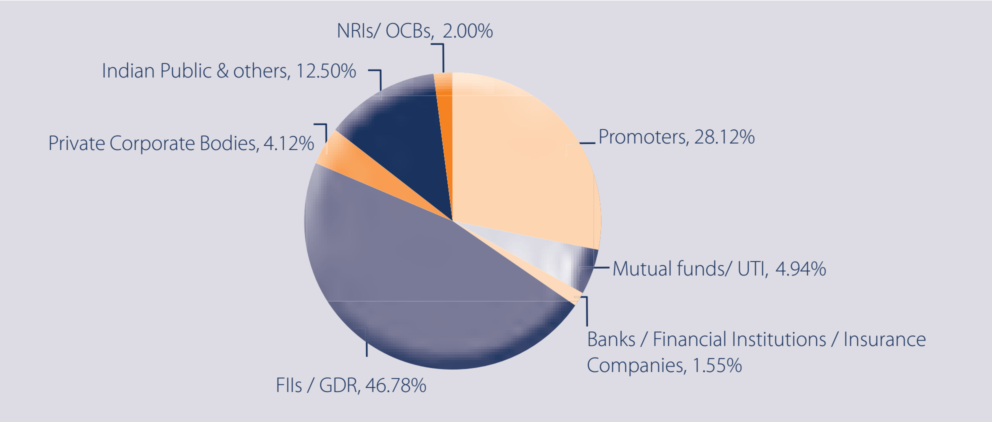
As on December 31, 2012

No. of Equity Shares held	No. of Shareholders	% of Shareholders	Total No. of Shares held	% of Shareholding
1 – 500	95970	88.37	14954823	5.04
501 – 1000	7352	6.77	5653082	1.91
1001 – 2000	2813	2.59	4275232	1.44
2001 – 3000	725	0.67	1871803	0.63
3001 – 4000	422	0.39	1532271	0.52
4001 – 5000	247	0.23	1156722	0.39
5001 – 10000	462	0.42	3437934	1.16
10001 & above	606	0.56	263662924	88.91
Total	**108597**	**100.00**	**296544791**	**100.00**

Categories of Shareholding (as on December 31, 2012):

Sr. No.	Category of Holder	No. of Shares	% of Equity
1.	Promoters	83,378,136	28.12
2.	Mutual funds/ UTI	14,647,468	4.94
3.	Banks / Financial Institutions / Insurance Companies (Central / State Govt. Institutions / Non-Govt. Institutions)	4,598,444	1.55
4.	FIIs / GDR	138,710,394	46.78
5.	Others:		
	- Private Corporate Bodies	12,216,806	4.12
	- Indian Public & others	37,052,454	12.50
	- NRIs/ OCBs	5,941,089	2.00
Sub Total		**55,210,349**	**18.62**
TOTAL		**296,544,791**	**100.00**

Pledge of Shares: None of the promoters have pledged their shares as on December 31, 2012.



Top 10 Shareholders as on December 31, 2012:

Sr. No.	Name of the Shareholder	No. of Shares	% of Shareholding
1.	Elder Infosystems Pvt. Ltd. (Formerly known as Elder Hides and Leather Pvt. Ltd.)	52,154,456	17.59
2.	Elder Venture LLP	30,030,000	10.13
3.	Dali Limited	28,627,294	9.65
4.	GA Global Investments Ltd.	21,139,580	7.13
5.	J P Morgan Chase Bank (unregistered ADRs held by GA Global Investments Ltd.)	21,111,400	7.12
6.	FID Funds (Mauritius) Limited	12,742,964	4.30
7.	GMO Emerging Markets Fund	6,042,317	2.04
8.	Life Insurance Corporation of India	4,062,414	1.37
9.	Macquarie Bank Limited	3,918,000	1.32
10.	LSV Emerging Markets Equity Fund LP	3,456,800	1.17
TOTAL		**183,285,225**	**61.82**

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

Report on Corporate Governance

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.

98.45% of the issued capital of the Company has been dematerialized up to December 31, 2012.

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 are 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/ Depositoryto 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 May 17, 2012 @ Rs.1.50 per share (75%), 2nd Interim dividend on August 16, 2012 @ ₹ 1.50 per share (75%) and 3rd Interim Dividend on November 22, 2012 @ ₹ 1.20 per share (60%) which may be confirmed by the shareholders at the ensuing Annual General Meeting. The Board has recommended final dividend @ ₹ 1.20 per share (60%) to the shareholders for their approval which, if approved, shall be paid on May 4, 2013.

10.12 Outstanding ADR/GDR/ Warrants/Options, conversion date and likely impact on the equity:

1. Global Depository Receipts (GDR):

The outstanding GDR as on December 31, 2012 is 179,560.

The outstanding unregistered ADR as on December 31, 2012 is 21,111,400.

These GDRs and ADRs are represented by underlying shares in the ratio of 1:2 and 1:1 respectively, both do not have impact on equity.

2. Warrants/ Options:

1. 257,164 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. 6,080,233 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. 115,179 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 6,452,576 shares of ₹ 2/- each.

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	4th Floor & 5th Floor, Block 1.5 SEZ, Embassy Techzone, Plot no. 3, Rajiv Gandhi IT Park , Phase II, Village Murunji, Taluka Mulshi, Hinjewadi – 411 057 (SEZ) Pune.	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 and other applicable provisions, if any, 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 ₹ 2,219,210/- has been transferred to the Investor Education and Protection Fund in the year 2012 towards unclaimed/unpaid dividend for the year 2004 and 2005.

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	Last date for Claiming unpaid Dividend
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 (Q-1 Interim)	2011	June 11, 2018
July 27, 2011 (Q-2 Interim)	2011	September 1, 2018
October 20, 2011 (Q-3 Interim)	2011	November 25, 2018
April 27, 2012 (Final)	2011	June 3, 2019
April 27, 2012 (Q-1 Interim)	2012	June 3, 2019
July 31, 2012 (Q-2 Interim)	2012	September 6, 2019
November 1, 2012 (Q-3 Interim)	2012	December 08, 2019

10.15 Investor Correspondence:

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

Name	E-Mail ID	Telephone Number	Fax No.
Mrs. 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.
Mr. Rajesh Kanani, Acting CFO	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

For and on behalf of the Board

Atul K. Nishar
(Chairman)

Place : Mumbai
Date : March 29, 2013

Report on Corporate Governance

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. P R Chandrasekar, Mr. Ashish Dhawan and Mr. S. Doreswamy, Directors of the Company retire by rotation and being eligible offer themselves for re-appointment. 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 and5 of the Notice convening 20th 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. Ashish Dhawan	Mr. S. Doreswamy	Mr. P R Chandrasekar
Date of Birth	March 11, 1969	September 30, 1937	September 28, 1955
Age	43	75	57
Date of first Appointment	May 20, 2009	February17, 2010	June 02, 2008
Experience in specific functional area	Experience in handling Private Equity Firm managing 2.25 Billion Dollar Assets.	Banking and Financial Services over more than three decades	Wide experience in Information Technology Services.
No. of Shares held in the Company as on 31.12.2012	NIL	10,000	2,398,712
Qualification	MBA with distinction from Harvard University and a dual bachelors (BS/ BA) holder in applied mathematics and economics with Magna Cum Laude honours from Yale University.	B. Sc. and Post Graduate in Law (B.L)	Mechanical Engineering from Indian Institute of Technology, Madras (IITM), MBA from University of Bombay.
List of Companies in which directorship held	NIL	Caliber Point Business Solutions Limited, Ceat Limited, Pantaloon Retails India Limited, Shakti Sugars Limited, DSP Merill Lynch Trustee Co. Ltd.	Risk Technology International Limited, Caliber Point Business Solutions Limited (both 100% subsidiaries of the Company)
Chairman/ Member of the Committee of the Board of Companies in which Director #	NIL	Caliber Point Business Solutions Limited – Audit Committee– Chairman; Ceat Limited – Audit Committee – Member, Investor Grievances Committee – Member; Pantaloon Retail India Limited– Audit Committee – Chairman, Investor Grievances Committee – Member; Shakti Sugars Limited – Audit Committee–Member.	NIL

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.

For and on behalf of the Board

Atul K. Nishar
(Chairman)

Place : Mumbai

Date : March 29, 2013

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, 2012 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.

	Mr. P. R. Chandrasekar	**Mr. Rajesh Kanani**
Date : February 11, 2013	Vice – Chairman & Global CEO	Acting Chief Finance Officer

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, 2012, 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)

R. D. Kamat
Partner
Membership no. 36822

Mumbai, March 30, 2013

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 2012.

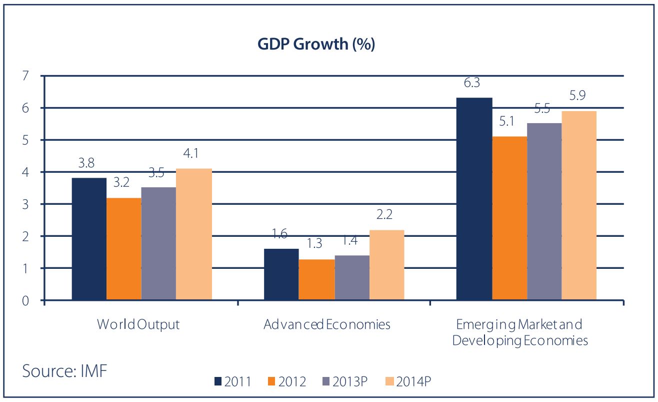
P. R. Chandrasekar
Vice-Chairman and Global CEO

Mumbai, February 11, 2013

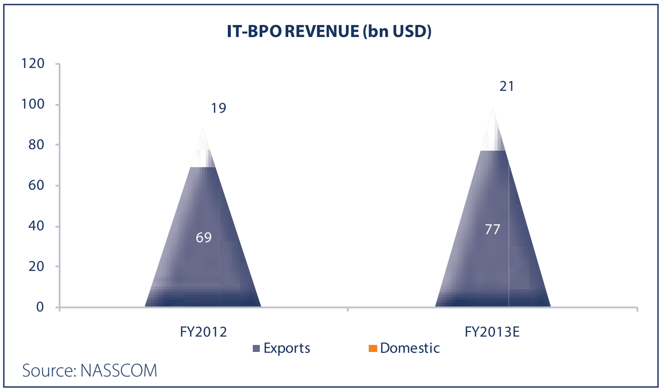
Management's Discussion and Analysis of Financial Condition and Results of Operations

Operational Review

Post tough 2011, the year 2012, started on a very somber note. After a sharp slowdown in the global growth momentum in 2011 to 3.8% from 5.2% in 2010, most economists predicted a further slowdown to 3.3% with little positive expectations from any major economy. Despite such low expectations, the global economy grew even a tad lower at 3.2%, mostly due to sharp slowdown in the growth of emerging economies during the year to 5.1% against the projected growth of 5.4% at the start of the year.



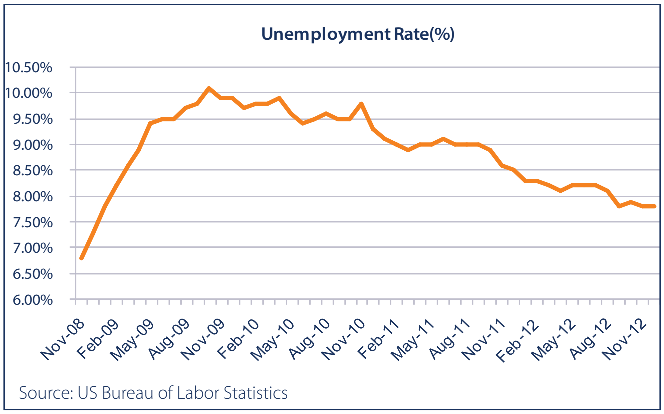
In line with the slow growing and uncertain global environment, the global IT spending in 2012 increased by mild 4.2% to USD 3.7 trillion, while the IT outsourcing is expected to have increased by even modest 2.1% to USD 251.7 billion. During 2012, the application outsourcing market is estimated to have grown by 2% to reach USD 40.7 billion.



Due to continued uncertainty in the global economic outlook, Indian IT-BPO industry is projected to grow by 10.2 % in the financial year 2012-13, lower than the initially estimated growth of 11-14 % at the start of the financial year and lower than the 14 % growth during 2011-12.

Despite sudden global and domestic demand slowdown, Hexaware has been able to maintain its growth momentum and grew much faster than the industry average. In 2012, Hexaware grew by 18 %, at almost 1.65 times the industry average. This is on the back of strong 33 % revenue growth during 2011. This growth was achieved without sacrificing margins. Hexaware continues to enjoy one of the highest operating margins in its peer group.

Geography wise, despite below trend global growth and continued near-recessionary environment in most developed economies, US continued to build on its slow yet steady growth momentum. Its unemployment rate declined to 7.8% in December 2012, first time since January 2009. Unlike all other major economies, during the year, US grew at much faster rate of 2.3% against the projected rate of 1.8%. US IT spending is expected to have grown by 5.9% in 2012 while that the spending in Western Europe is expected to have seen a decline of little over 4% in dollar terms.



The year also witnessed very sharp deceleration in Indian GDP growth, to a decade low of 4.5% against the GDP growth of 7.5% in 2011 and much lower than the projected growth of 7.0% during the start of the year. Led by continued deterioration of almost all macroeconomic indicators, there was a considerable slowdown in private investment and as a result the growth in gross fixed capital formation was at a decade low level.

Despite much sharper growth slowdown, the emerging markets IT spending growth was much higher than the developed markets. The IT spending growth in most emerging markets including India and China was much more robust at around 10-15%, albeit bit lower than the preceding years. The overall emerging market IT spending during 2012 is estimated at USD 1.22 trillion. Region-wise the IT spending of emerging Asia Pacific during the year is estimated at around USD 496 billion, of Latin America at USD 326 billion while Central and Eastern Europe of USD 158 billion.

US has been the biggest contributor to our revenue, while Europe and emerging markets are increasingly adding more to our growth. To tap increasing demand in emerging markets, we are gradually increasing our presence in the Latin America, one of the fastest growing markets for IT. Within Asia Pacific Hexaware has been focusing on high growth markets of India and Australia. Our Global delivery centers offices in Mexico, USA and India helps us to meet the clients outsourcing needs by providing them flexibility of near shoring or off shoring the support team.

During the year, our net employee addition was over 750 and the total employee headcount crossed 9,000. Of these 750, around 525 were fresh from campus recruits. Technical personnel comprised 92.3% of the total work force. Our 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.

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. Over the last three years, we have made appreciable progress in pruning attrition rate and during the year 2012 it was under 10 %.

We continue to invest in HexaVarsity, our corporate university, to empower our employees and further build our commitment to training. It is our in-house Learning and Development Unit, which offers many conventional and leading-edge learning programs for existing employees and new entrants (both lateral entrants and fresh from campus).

Training is provided to all employees across the company with the following major objectives:

- To build and update the skill base to fill the specific needs of the projects and to develop skills of members in line with new market demands and emerging technologies.
- To enable professional growth of employees to prepare them for new role and career growth.
- In line with the growth plans of Hexaware, the investment in training has been fixed at the level of dedicated 80 hours training/employee/ year.

Following are a few of the tools / training program that we have been investing in to ensure a talented employee base:

Competency Matrix : A competency model titled "Technology Quotient Framework" has been implemented. As part of the model competencies, the proficiency levels for various identified roles have been defined. As per the competency framework members are required to undergo training and assessments to fulfill the requirements mandated for their role.

Hexaware in Oct 2012 upgraded to new state-of-the-art Learning Management System (LMS) Hexaguru+ and is used for administration, e-learning, tracking and reporting training programs. It is also used for conducting online assessments and certifications. This platform is available 24x7 for all employees globally and vastly enhances our ability to enable remote learning.

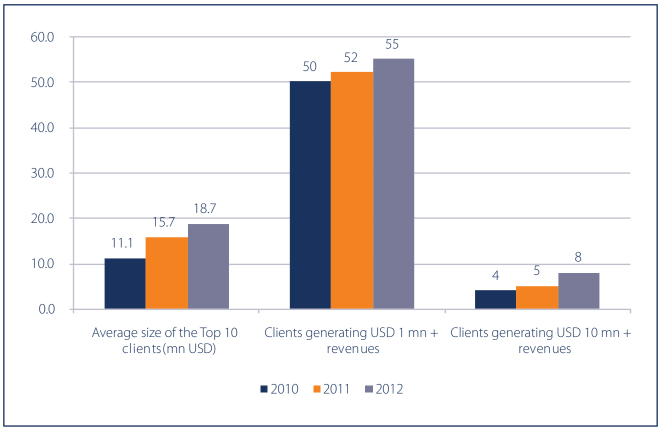
Some of the key Programs

The Bullet Proof Manager® Program is offered to Hexaware' s mid to senior level managers as part of the Management and Leadership Development initiatives. This program is from Crestcom, USA and it is a video based 12 consecutive months program to elevate participating managers to next level.

SMART Project Management is another initiative of Hexavarsity. The objective of SMART Project Management is to strengthen the Hexaware's PMs expertise and focus on practical tips and tricks for day to day operations covering Scope Management, Project Management, Agility, Risk Management and Timeliness.

During the year, we added 47 new clients and by end of the year we had 218 active clients. Of these, 55 clients contributed over USD 1 million each to our revenue including 15 clients that contributed over USD 5 million each, 8 clients that contributed over USD 10 million each and 3 clients that contributed over USD 20 million each.

Average size of the Top 10 client segment has expanded from approximately USD 11 million in CY 2010 to around USD 18 million in CY 2012. Hexaware gives great emphasis on the Account Management Practices and remains confident that the growth in the Top 10 as a business segment will continue to be an integral component of ascertaining the growth path over the medium term.



We have won several large deals which also demonstrate the client's recognition of Hexaware's positioning, domain knowledge, intellectual property (IP) assets and execution excellence. A couple of such deals are mentioned below:

We signed two large deals worth in excess of **USD 10 million** in Q1

1) Financial Transformation of a Fortune 500 Corporate, an existing US based corporation. As a part of this engagement, Hexaware is contracted to help its client reduce their total cost of ownership (TCO) on their ERP applications. Hexaware's proposition includes:
   - Streamline the current operations to increase efficiencies in financial and procurement functions
   - Prepare a scalable ERP architecture which is flexible and agile to ever-changing business dynamics and
   - Consolidate all the applications on a single instance while retiring legacy applications.
2) Management of Corporate HR Applications for a Fortune 20 giant. Customer would outsource application management of the corporate HR systems. The prime benefits rendered by Hexaware include:
   - Reduce costs through higher offshoring leveraging the global delivery model
   - Improve operational efficiencies through process harmonization and
   - Drive improvements through SLA based execution model

In Q2 Hexaware entered into a strategic alliance with a multi-billion global corporate to establish a large, secure Enterprise Resource Planning (ERP) Application Outsourcing services unit for its global customers across multiple geographies and industry verticals on a Build Operate and Transfer model. This is expected to bring revenues estimated to the tune of USD 100 million cumulatively over the next 4 years. This partnership will yield a platform for further innovations and efficient business models for ERP Applications marketplace.

The revenues from this partnership will begin to accrue from early 2013 and ramp up from there. We will be setting up a dedicated unit within our Chennai SEZ campus, which is expected to grow to a global talent size of 1,000+ ERP

Management's Discussion and Analysis

consultants over the next 4 years, centring on Oracle, PeopleSoft and SAP service lines. This partnership will thus enable us to provide its services to newer clients in different market segments.

Hexaware bagged a multi-million Dollar deal with a new logo in the Financial Services domain in Europe. This multi-year deal would include services ranging from vertical specific, BA / BI, Remote IMS and Emerging Technologies. This win establishes a key foundation in pursuing multiple prospects in a strong area of strength, Capital Markets, in a key market.

Infrastructure:

In line with the corporate road-map, Hexaware has been expanding its presence in its own Green Campus spanning over 27 acres in Siruseri SEZ at Chennai. It currently accommodates 3,428 personnel at the end of 2012.

In addition, Hexaware has expanded its presence further in Pune by moving to a larger facility with a seating capacity of 700 employees and scaled up its Mumbai delivery operations by enhancing the seating capacity to accommodate an additional 300 employees. During the last quarter, Caliber Point Business Solutions Limited, Hexaware's wholly owned subsidiary, inaugurated a new facility in Coimbatore with a seating capacity of 248 seats.

During the course of the year 2012, Hexaware has invested ₹ 744 million for expanding its physical and technical (IT) infrastructure to provide for business expansion and drive growth over the medium term.

In 2013, Hexaware plans to further expand its delivery capacity in Bengaluru, Mexico & US and continues to expand delivery capacity at Siruseri.

Opportunities and Strength

During the last 23 years, we have built strong domain and technology expertise in our focused areas, viz. Banking and Financial Services, Travel & Transportation, Healthcare & Insurance, IMS. Our core strategy has always been to identify focus areas where we can bring in appreciable value add, to focus on these areas to gain sufficient depth followed by widening breath through expansion of service offerings & geographical reach. We have excellent track record of successfully delivering large engagements and maintaining long term relationship with several fortune 500 corporate, and thus enjoys significant competitive advantages in focused area of select verticals and service offerings making it well positioned to benefit from a sustained revival in the global economy.

Opportunities

Deals

Due to economic slowdown, most organizations have not been as forthright about their IT spending plan as they were before the crisis. Despite that, these organizations are continuing to invest in IT to enhance their efficiency. Ironically, we are now witnessing increasing interest from many large markets like Europe, which relatively have been less open to outsourcing or offshoring. Economic slowdown and demand volatility is forcing organizations in these countries to enhance productivity by cutting excess flab and adding new muscles.

Despite appreciable slowdown in global growth momentum post 2008 economic crisis, we have been able to consistently strengthen our pipeline by winning large deals. During the last three years, Hexaware won 10 deals with total contract value (TCV) in excess of USD 10 million, with eight of them in excess of USD 25 million and four in excess of USD 100 million. Backed by our focused approach, we have clearly established ourselves as a major player in most of our focus areas and are confident to continue to be the preferred IT consulting partner for organizations globally.

Client Orientation

Hexaware has always been a better farmer than hunter. Once penetrated into an account, we have been able to expand much faster. Not surprisingly almost 93% of our revenues are contributed by our existing clients. To add on to our hunting skills, we have added very well equipped, matured professional hunters with well-established network and deep market understanding. With many new large accounts coming for rebidding, we are optimistic and expect to continue to add marquee client logos to our portfolio in the year 2013.

New clients add to the speed of our growth engine, reduce dependency on existing clients, increase breath of understanding and create a strong potential pipeline. To tap this potential in both new and existing accounts we have dedicated account mining team that works closely with account management team to identify client pain areas, process bottlenecks and other areas where we can help client to bring in operational efficiencies. Even higher focus is placed on our top fifty accounts with potential to generate large deals.

Innovative Delivery Model

Being a customer centric organization, we have defined processes to ensure client comfort and ease of communication. To facilitate quick decision making, we have empowered each of our verticals and accounts to take independent decisions. Each of our accounts has a dedicated account manager, who has complete accountability and responsibility for that account. Our clients enjoy complete access to our Executive Leadership Team. Our client facing team has strong business understanding that helps them get quick and deeper insights into client requirements. Our hierarchy structure ensures the ease of communication and much lesser response time. We have always been nimble-footed and willing to go the extra mile to support our clients and ensure their success.

New Initiatives for Sustained Growth

To get a stronghold and mileage over the competition we started investing early in emerging technologies. During the year, we were awarded CIO 100 and Efficient Enterprise Award for our Private cloud "Rainmaker®" by IDG India's CIO Magazine. The award recognized our creative use of enterprise technologies to meet the organization's business challenges.

To further our domain and technology understanding, we have been investing and forging alliances with the global leaders. We have set a software lab in Mexico in partnership with HP. We are an Oracle Platinum Partner and have developed certain module and specific scope for Oracle Fusion product.

With the extensive specialization in certain niche areas of Capital Markets segment, especially Asset Management, we are in a position to add value to our clients through our differentiated services and innovative solutions. Hexaware's proprietary work in developing Intellectual Property Assets around Enterprise Data Management (EDM) and Analytics for Investment Management (AIM) tool kit will aid our business growth. The current version, EDM 3.0, is a multifaceted offering that includes Technology & Business Architecture consulting, Multi product niche such as Eagle, Golden Source, CADIS, Integrated IT and BPO services, Specialized Accelerators, Processes, Methodologies and Approach for addressing common data issues in Capital Markets Industry. AIM is a prebuilt repository of dashboards, KPIs and reports supported by a dimensional data model for Investment reporting for a 360 degree view of the Portfolios and Assets under Management (AUM) they manage, in conjunction with the Trades, Performance and Risk related thereto. This highly domain intensive solution has been extremely well received by multiple existing clients and several new clients during the year 2012.

In India, RBI (Reserve Bank of India) has issued a guideline mandating all banks in India to have a mechanism that will ensure Two Factor Authentication for all online transactions carried out by the bank users and for transactions that happen through IVR Channel. Also SEBI (Securities and Exchange Board of India) has issued a guideline to all broking community members to implement Two Factor Authentication for login session for all orders emanating online through internet based trading (IBT) and securities trading using wireless technology (STWT) platforms. The internet authentication continues to remain the big business opportunity in BFS segment, so we have a partner to tap this opportunity.

Spurred by the innovation and solutions developed at the Centres of Excellence (CoE) around certain product platforms, this Vertical is well positioned to deliver yet another year of above company growth for the year 2013; continuing with the strong relative outperformance reported in the year 2012.

Hexaware has been consistently focusing on new initiatives and has been regularly investing in multiple Centres of Excellence (CoE) in order to tap into the huge market potential of these emerging technologies.

Big Data

During the year 2012, Hexaware has kick-started a specific CoE focused on Big Data as part of its Business Intelligence and Analytics practice. This CoE has enabled Hexaware to build core competencies in this area such as Hadoop ecosystem, MapReduce programming, advanced / predictive analytics, statistical modelling and text mining & analytics. We have also been broadening existing strategic partnerships to include Big Data related platforms and forming alliances with focused technology companies gaining access to certain solutions on Big Data platforms.

Currently, Hexaware is also actively invested in increasing its competencies in Oracle Fusion range of products particularly focusing on Human Capital Management modules. Leveraging the Platinum partner status in the Oracle Partner Network®, Hexaware has engaged with Oracle in participating in the Pre-release Testing phase of Oracle Fusion Product modules since 2011.

Hexaware has been significantly investing in Cloud and Mobility as a separate dedicated practice in order to tap into the huge market potential of these emerging technologies.

Cloud Computing Practice

Over the last few quarters, we have announced multiple initiatives on the Cloud such as cloud-based Software as a Service (SaaS) platform for offering HR services, Republic. We also provide Infrastructure consulting with focus on various platforms to our customers to help them devise and implement an enterprise wide Cloud Strategy. We are actively working on various client engagements on migrating applications to public cloud platforms.

Enterprise Mobility

We are progressively extending our business boundaries to accommodate the plethora of mobile devices with the necessary infrastructure to support the various platforms and a strategy to make the right investment decision among the many competing options that are available. The Mobile Computing Practice at Hexaware offers application development and maintenance capability around Apple® iOS, Google Android, Microsoft Windows 7.x/8 and Research In Motion Blackberry®. The application development capability is backed by a strong User Experience (UX) team which is growing to keep up with the customers need.

We have also built implementation and governance capability with proven vendors in this space. To accelerate the development and roll-out of mobile applications, we have worked on a solution based on industry standards ready to be adopted and implemented. The solution accelerator built by Hexaware branded as "WorkQuikr" makes it easy to push applications to Android and iOS based devices.

Mobile Testing Solutions

As mobile devices become more popular and the demand for mobile business applications increase, Hexaware has designed a unique automated mobile application testing and life cycle management solution. It offers a holistic strategy to enhance user experience while meeting business demands for cost and time to market.

This niche solution offering reduces test cycle time across entire portfolio of products that includes mobile, Net, client server and ASP. It also integrates mobile applications with the entire IT landscape of the organization to empower productivity. Hexaware has enhanced its proprietary Intellectual Property (IP) frameworks as a part of this solution that automates testing. The power of this framework is its reusability and maintainability across multiple platforms.

Strengths

At Hexaware, we believe in providing a holistic solution for our customers' needs. That is why we have the expertise to help customers at all stages of their program. Whether they're a small, mid-sized entity, or a large global enterprise, Hexaware can create a tailored roadmap with complete end-to-end solutions, combining both technology and business understanding. Across all industry verticals, corporations have trusted us to be there throughout their application lifecycle. This includes advisory, roll out and implementation, development and testing, maintenance and support and Business Process Outsourcing.

Leadership in niche areas

Hexaware has demonstrated **leadership and expertise** in focus areas.

- We are one of the global market leader in PeopleSoft services
- We are among the leading IT solution providers for the Airlines Industry
- Hexaware is also fast emerging among the top two Indian IT services provider in Germany
- We have developed innovative solutions in Capital Market especially in Asset Management.

Management's Discussion and Analysis

Our enterprise class solution offerings combined with best-of-class enterprise integration skills are our key differentiators against competitors.

Strong Domain Understanding, backed by stronger investments

Our deep insight in the niche areas that we have been focusing on is one of our biggest competitive advantages. To further this and to continue move up the value chain we have been reinvesting in ourselves. We have created product CoEs that houses well defined framework, checklists and accelerators. More than 300 of our employees, leveraging modern tools and processes have been dedicatedly working in these CoEs for developing solutions of tomorrow with potential to immensely value add to the requirements gathering process, boost productivity and reduce project development time.

Our list of Intellectual Property rollouts is impressive and spans across almost all our focus verticals and practices as also emerging areas of interest. 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.

Strong Talent Pool

Our employees are our leaders of tomorrow and we have been investing in our future by investing in them. Every year, our employees go through several skill enhancement workshops and programs. Our training structure ensures appropriate mix of domain & technical certification, soft-skills training and cross-cultural sensitization programs. During the year we launched online learning portal HexaGuru+. To ensure that our onsite employees don't miss on their continuous skill enhancement, we have set up team at client organization for training programs.

Multiple Margin Levers

While we provide huge operational flexibility to our clients, we ourselves use multiple levers to maintain margins and take care of the demand vagaries in current uncertain macroeconomic environment. We maintain healthy offshore mix as it allow us to create better pyramid mix, improve utilization, control cost and boost margins.

Our size-the right size

Being a right-sized company, we have the ability to demonstrate adaptability and flexibility in our operations to suit the dynamic needs of our customers. We have demonstrated capability in meeting resource and infrastructure requirements for large projects, at the same time remaining small enough for relationship comfort.

Working closely with 50+ of the Fortune/Global 500, we do not believe that one size fits all. We weave together the right ecosystem with the project, making sure the engagement gets the full attention it deserves. It's this scalable and customized approach that has kept our customers coming back to Hexaware at an astonishing 93% rate.

Innovative & Flexible Contract Mechanism

As a mid-size vendor, we provide a great deal of flexibility in both the contractual and delivery models. This includes using innovative pricing and payment models that meet the unique expectations of our clients, as also optimizing our SEI CMMI Level 5 processes to meet specific customer requirements. Our adaptable working relationships stretch from fixed time/ fixed fee/ time and material to Shared services model. Part of this flexibility derives from our unique size. As a "right-sized" company, we have the ability to demonstrate adaptability and flexibility in our operations to suit the dynamic needs of our customers. We can meet the resource and infrastructure requirements for large projects, while also remaining small enough to deliver excellent customer service.

Committed Top Management

The management team at Hexaware takes personal interest in developing every client relationship to ensure that the customer comes first. Our relationship and account managers ensure single point of contact and our well-defined escalation and risk management and mitigation procedures ensures high client satisfaction as visible through high contribution of the repeat business to the extent of 93% to the overall revenues.

Flexibility and Responsiveness

We are committed to making investments in account management and in building long-term, trusted relationships. One of the advantages we bring from Hexaware is flexibility in terms of business model, engagement model and relationship model to ensure our clients derive greatest benefit from this relationship.

Effective delivery & Outsourcing models

We have invested in building significant onsite delivery and consulting capability to absorb the process overheads of offshore by locating our business practice leaders, account managers and top management team in North America. This structure enables quicker decision-making and ease of access to customers.

Hexaware has an enviable track record in building, operating and delivering solutions from very large offshore development centres (ODC). We offer proven business model for customers looking to exploit delivery capabilities across the globe. Our models provide a framework for outsourcing large application and product management services and provide the customer with economies of scope and scale.

Our team of experienced consultants comes with industry and domain expertise that is truly unmatched in the IT outsourcing industry. Our "partner-in-business" approach means we make the necessary investments in people, processes and technologies to ensure success for our customers. Our key interest is to ensure business success for our customers. We ensure this by providing not just a superior technology platform, but also by helping run processes on these applications more efficiently and effectively. Caliber Point, Hexaware's BPO subsidiary is trusted by organizations all over the world to run their HR, Healthcare, Finance and Knowledge process areas. Together with Caliber Point, we offer end-to-end solutions that meet all our clients IT and IT-enabled process needs.

Program Risk Management

We continue 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. We have established processes to identify and mitigate any risk during the transition process as well as when the relationship is stable. We will invoke such processes to ensure the overall risk or delays, which can hinder the success of the ODC, are minimized.

Program risk management delivers the following values:

- Contributes to project success;
- Recognizes uncertainty and provides forecasts of possible outcomes;
- Produces better business outcomes through more informed decision making;
- Is a positive influence on creative thinking and innovation;
- Offers better control –less overhead and less time wasted, greater focus on benefits;
- Helps senior management to understand what is happening with the project and the challenges the project has to overcome.

Financial Highlights – Consolidated Financial Statements

Balance Sheet Movements

a) Share Capital

The paid-up Share Capital of the Company as at December 31, 2012 was ₹ 593.09 million comprising of 296,544,791 Equity Shares of ₹ 2/- each.

During the year 3,186,363 shares were allotted under ESOP plans.

b) Reserves and Surplus

The Company's global reserves (excluding hedging reserve account) increased by 15.03% to ₹ 12,205.61 million as at December 31, 2012 from ₹ 10,610.96 million as at December 31, 2011 on account of the profit generated during the year.

Since the Company adopted the principles set out in the Accounting Standard AS 30 "Financial Instruments: Recognition and Measurement", it has created hedging reserve, which amounted to loss of ₹ 760.51 million (Previous year of ₹ 1,035.85 million) for hedged transactions.

c) Deferred Tax Liability and Assets

The Company accounts for deferred tax in compliance with the Accounting Standard. The Company recognized ₹ 130.47 million as deferred tax liability as at December 31, 2012 (₹32.41 million as at December 31, 2011) and deferred tax asset of ₹ 203.61 million as at December 31, 2012 (₹194.53 million as at December 31, 2011). The Company records net positions as assets and liabilities based on tax jurisdictions considering rights to offset. Note no. 6 of financial statements provides component wise breakup of assets and liabilities.

d) Trade payables

Trade payables marginally reduced to ₹532.57 million as on December 31, 2012 against ₹538.89 million as on December 31, 2011. This represents payables for the goods and services.

e) Other long term and short term liabilities

Other long term liabilities decreased to ₹ 77.57 million as on December 31, 2012 as against ₹ 122.97 million as on December 31, 2011, a decrease of ₹ 45.40 million, which includes a decrease in liability for derivative contracts amounting to ₹ 52.89 million.

Other current liabilities decreased to ₹ 1,755.31 million as on December 31, 2012 from ₹ 2,229.33 million on December 31, 2011, decrease of ₹ 474.02 million. Decrease is largely on account of decrease in liability for derivative contracts by ₹ 605.97 million, capital creditors by ₹ 58.86 million and unearned revenue by ₹ 9.12 million. The said decreases were offset by increase in other payables by ₹ 200.17 million, largely comprising employee related payables, statutory liabilities, for other expenses and unclaimed dividend.

f) Provisions - Long term and short term

As at December 31, 2012, long term provisions relating to employee benefits increased by ₹ 63.97 million to ₹ 265.68 from ₹ 201.71 million as on December 31, 2011 due to increase in number of employees.

Short term provisions decreased by ₹ 253.39 million to ₹ 984.52 million as at December 31, 2012 from ₹ 1,237.91 million consisting of following: Short term provisions for employee benefits as at December 31, 2012 increased to ₹ 328.21 million from ₹ 293.11 million as on December 31, 2011, an increase of ₹ 35.10 million mainly on account of increase in number of employees. Provision for employee benefits comprises of provision for gratuity and compensated absences.

In comparision to previous year proposed dividend and tax there on decreased by ₹ 97.85 million, provision for tax decreased by ₹ 41.76 million and other provision decreased by ₹ 148.88 million.

g) Fixed Assets

During the year, the additions to fixed assets were at ₹ 745.53 million. The primary reasons for addition to fixed assets are (i) making new unit operational at SEZ Campus at Siruseri in Chennai and office premises in Mumbai during the year amounting to ₹ 449.49 million and (ii) the balance for computers and other capital assets for current operations.

As at December 31, 2012 capital work-in-progress (CWIP) has reduced to ₹ 756.76 million from ₹ 798.67 million on December 31, 2011 mainly on account 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 ₹ 160.42 million as on December 31, 2012 (₹264.89 million as on December 31, 2011).

h) Investments

As at December 31, 2012, the Company's investments in mutual funds increased to ₹ 2,349.83 million compared to ₹ 228.77 million as on December 31, 2011.

i) Trade Receivables

As at December 31, 2012, trade receivables have increased to ₹ 3,649.08 million as against ₹ 2,992.99 million as on December 31, 2011. As at the year ended December 31, 2012, the Company has provisioning of ₹ 59.72 million for the doubtful debtors as against ₹ 33.39 million on December 31, 2011. The Days' Sales Outstanding (DSO) of the Company marginally increased to 66 days as on December 31, 2012 compared to 62 days as on December 31, 2011. This compares favourably with most other companies in the IT industry.

j) Cash and Cash Equivalents

Cash, balances with banks and balance in deposit of financial institution

Management's Discussion and Analysis

aggregates to ₹ 2,122.37 million as on December 31, 2012 (₹4,377.19 million as on December 31, 2011). These balances have decreased since investment is made in the mutual funds. Cash and cash equivalent including MF investment was ₹ 4,472.20 million as on December 31, 2012 (₹ 4,605.96 million as on December 31, 2011).

k) Other loans and advances

Other long term loans and advances increased to ₹ 1,088.77 million as on December 31, 2012 from ₹ 807.80 million on December 31, 2011, increase of ₹ 280.97 million comprising largely increase in advance payment of taxes of ₹ 112.79 million and MAT credit entitlement of ₹ 150.45 million.

Other short term loans and advances increased to ₹ 508.68 million as on December 31, 2012 from ₹ 479.32 million on December 31, 2011, increase of ₹ 29.36 million comprising increase in other loans and advances consisting prepaid taxes, employee advances and service tax receivable etc., of 71.67 million offset by decrease in security deposit by ₹ 44.49 million

l) Other Assets

Other long term assets decreased to ₹ 170.01 million as on December 31, 2012 from ₹ 716.08 million on December 31, 2011 mainly on reduction of bank deposits with more than 12 months maturities from balance sheet date of ₹ 457.50 million and reduction in unbilled services by ₹ 98.57 million.

Other short term assets increased by ₹ 75.78 million and consist of Interest accrued on deposits and Unbilled services. As the Company invested surplus funds in mutual funds in 2012 compared to bank deposits in 2011, interest accrued on deposits is reduced by ₹ 102.51 million. Unbilled services increased by ₹ 178.29 million to ₹ 585.04 million as on December 31, 2012 compared to ₹ 406.75 million on December 31, 2011.

In aggregate long term and short term unbilled services have increased by ₹ 79.72 million.

Results of Global Operation (P&L)

a. Income from Operations

During the year, the revenue from operations grew by 34.31% to ₹ 19,481.78 million from ₹ 14,505.12 million in 2011 with significant increase in offshore ratio. Revenue equivalent in US Dollar term was 364.48 million

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

(in %)

Revenue by location	Yr-2012	Yr-2011
Onsite	53.7	56.1
Offshore	46.3	43.9

During the year, the billing rate for onsite was at USD 73.80 per hour and offshore rate was at USD 22.97 per hour. The blended utilization was at 67.4%.

b. Other Income

During the year, global other income was reported at ₹ 438.28 million as compared to ₹ 482.10 million in the previous year. It decreased mainly on reduction of interest income by ₹ 42.30 million.

Dividend income from Mutual Fund investment was ₹ 61.18 million in the current year as compared to ₹ 76.01 million in previous year.

c. Expenses

Software Development Expenses

During the year, the Company's Software Development expenses increased to ₹ 2,999.99 million compared to ₹ 2,098.22 million in 2011, an increase of 42.98%. 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

The Company's Employment expenses increased to ₹ 10,605.64 million in 2012 from ₹ 8,210.27 million in 2011, an increase of 29.18%. As a percentage of income from operations, employment expenses reduced to 54.44% for the year 2012 from 56.60% for the year 2011. Increase in cost is mainly on account of increase in employee count to 9,069 nos. as on December 31, 2012 from 8,317 nos. at the beginning of the year, a net addition of 752 employees, and also salary increments given during the year comparable with most in IT industry.

Administration and other Expenses

The Company's Administration expenses increased to ₹1,835.78 million in 2012 from ₹ 1,583.19 million in 2011, an increase of 15.95%. As a percentage of income, administrative and other expenses decreased to 9.42% for the year 2012 from 10.91% in the year 2011. This is largely driven by consolidation of facilities in some of the operating centers and benefits derived from economies of scale due to higher growth rates and business volumes.

Operating margin

Global Operating profit (earnings before interest, tax, foreign exchange gain/ loss and other income) stood at ₹ 3,716.23 million in 2012 as against ₹ 2,366.41 million in the year 2011.

Depreciation

During the year, depreciation has increased to ₹ 324.14 million from ₹ 247.03 million in the year 2011 due to addition in office space at Siruseri in Chennai and Mumbai.

Profit before Tax

The Profit before Tax in the current year was ₹ 4,039.57 million, substantially higher than ₹ 3,075.28 million in the previous year.

Provision for Taxation

During the year, the provision for taxation is at ₹ 763.10 million compared to ₹ 405.01 million in the previous year. Increase in tax expense is mainly on account of reduction in tax exemption limit for a SEZ unit in current year and on account of expiration of STPI benefits in previous year.

Profit after Tax

The net profit for the year 2012 is at ₹ 3,276.47 million as against ₹ 2,670.27 million for the year 2011.

Dividend

During the year 2012, the Company paid interim dividend on quarterly basis on equity shares, Q1 – ₹ 1.50 (75%), Q2 – ₹ 1.50 (75%), Q3 - ₹ 1.20 (60%).

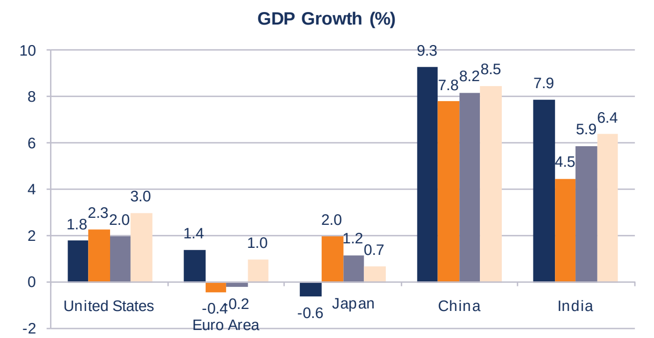
The Board of Directors has recommended a payment of final dividend of ₹ 1.20 per share (60%) on an equity share of ₹ 2/- each, at its meeting held on February 11, 2013, due for approval at the AGM. Including this, the total dividend for the year inclusive of interim dividends would amount to ₹ 5.40 per share (270%) on equity shares.

The total dividend declared during the year and tax thereon amounts to ₹ 1,859.74 million. The break-up of dividend is as under:

(₹ Million)

Particulars	Q1	Q2	Q3	Final	Total
Dividend	443.94	444.51	355.85	355.85	1,600.15
Tax	72.02	72.11	57.73	57.73	259.59
Total	**515.96**	**516.62**	**413.58**	**413.58**	**1,859.74**

Future Outlook



Source : IMF

Going forward, while there are several downside risks like US fiscal cliff, renewed setback in Euro area and Chinese slowdown that can derail the growth momentum, the global growth is expected to gradually strengthen. As per IMF projection, the global economy is expected to grow by 3.5% and 4.1% in 2013 and 2014 respectively. The growth in emerging markets also is expected to be much stronger and hence the demand scenario for IT services is expected to be much better in years ahead.

Qualitative

Over the last few years, Hexaware has been geographically diversifying by investing in fast growing emerging economies and we expect to get increasing share of our growth from these markets. From approach perspective, we have been using a multi-pronged strategy to make deeper inroads into new geography or accounts. We would continue to look for befitting opportunities in our focus areas.

Looking into 2013 – Hexaware has a multi-pronged strategy to drive healthy and sustainable growth. There are several components into the growth strategy. We have been successfully mining and growing our presence in the key existing accounts. We continued deriving in excess of 50% revenues from our Top 10 clients. Over the last 2 years, the average revenue contribution per client from the Top 10 segment has increased significantly from USD 11 million in 2010 to USD 18 million in 2012. Clearly, we still see huge untapped growth potential in the existing top 20 clients and expect them to continue to expand in size. We have made several investments in the form of dedicated Account Management Professionals and is further strengthening the Execution Team with Program Managers and Delivery Directors to increase the focus and attention on each of the Top clients.

New Logos: We have an impressive track record when it comes to winning new business and adding new logos to the client roster. We added 45 new clients in 2010, 51 new clients in 2011 and 47 new clients in the year 2012. This implies that over the last 12 quarters, we have been adding 11-12 new clients every quarter. These additions help us in two different ways:

1) The new client wins contribute 5% - 7% of revenues in the first year of client acquisition. Hence, it is a critical component of the revenue growth we have delivered over the recent past.

2) These new client wins join the client roster and are categorized as “Existing Clients” after a year of client acquisition. This would imply that these clients have the potential to emerge in the Top 100, Top 50, Top 40, Top 30, Top 25, Top 20, Top 10 and eventually Top 5 list of Hexaware.

To continue to drive healthy revenue growth on a sustainable basis, these new clients are a critical component both from immediate term (same year) as well as from medium term (3-5 years) perspective.

Existing Clients: At the end of December 2012, we had in excess of 200 clients in our client roster. This client roster contains in excess of 50 Fortune 500 / Global 500 names. Further, 55 clients in this roster generate annual revenues in excess of USD 1 million for Hexaware. In addition, we continue to add 11-12 logos every quarter. Hence, this implies that we have to identify ‘select’ clients from the roster which can be categorized as “High Potential” clients. On selection, we would make heavy investments notwithstanding the current size / scale of business of the client. These strategic investments, carried out ahead of time, should bear fruit in the form of healthy growth in the revenues from those clients.

Having proven our capabilities in offering one service which is further

Management's Discussion and Analysis

evidenced by signing Master Services Agreement (MSA) or Professional Services Agreement (PSA) with the Client, we can then focus on offering other services from the Services Portfolio to the Client and expand our foot print in the Client's organization. These measures increase the revenue from the client, increase the quality of business with the client and ensure greater stickiness with the client yielding to greater predictability of business.

Service Offerings: We pride ourselves on following the basic tenets of retaining focus in the chosen business segments and offering differentiated services to our clients. To continue to drive growth, we have opted to pursue growth by increasing the depth of the competencies and add more service offerings within the same competencies. As a testimony to this, we have launched service offerings under the ambit of Enterprise Data Management (EDM) and further augmented with Analytics for Investment Management (AIM). These offerings further increase capabilities under Asset Management micro-vertical under Banking and Financial Services vertical. These initiatives have increased the depth in the chosen vertical competency. Likewise, we have chosen to invest in Oracle E-Business to drive more growth in the Enterprise Solutions Horizontal. These investments in Oracle E-Business suite further augment our strength in PeopleSoft suite of products enabling Hexaware to cater to clients in both Oracle E-Business and PeopleSoft. In this case, we have made investments in another product line within the same Enterprise Solutions Horizontal.

New Competency: We have chosen to make investments in new competency from time to time. These investments have enabled us to offer services in newer segments to existing clients. These new competencies help us from two different perspectives 1) To create newer engines for growth and increase the footprint within the existing clients and 2) To protect the existing turf by keeping competitors away from existing clients by offering all relevant service offerings either directly or through strategic partnerships. We launched Remote Infrastructure Management Services for the first time in 2010. The competency, in effect, as a start-up has achieved remarkable progress by 2012. The Competency has an adequate skilled personnel and generated revenues in excess of 5% in 2012 (starting from scratch in 2010).

These are some of the strategies that we would deploy and continue on our growth path. We would continue to invest for our clients that can bring disproportionate growth.

Quantitative

We have been a growth driven company for a long period of time. If one were to analyze our performance over the last 10 years' time frame, we have grown at 20+% cumulative annual growth rate (CAGR) in revenues measured in USD terms. This metric epitomizes our strong track record in the revenue growth perspective.

If one were to analyze our performance over the medium term (last three years' time frame), we have registered revenue growth of 6+% quarterly cumulative growth rate (CQGR) in revenues measured in USD terms. This metric is a testimony to our capability to deliver amongst the industry's best revenue growth purely on an organic basis as witnessed over the last several quarters. What makes this more creditable is the fact that the performance has come at a time when the global macro-economic conditions have been under duress.

For the year 2011, NASSCOM has reported an industry growth rate of 16.3% on an annual basis. For the same period, we have reported an annual revenue growth in revenues of 33% on a year on year basis. For the year gone by, NASSCOM has reported an industry growth rate of 10.2% on an annual basis. For the same period, we have reported an annual revenue growth in revenues of 18.3% in Dollar term on a year on year basis. These data demonstrates how Hexaware has performed well ahead of industry over the recent time frames.

With the incremental news of improvement in the world economy, we remain confident that with the investments made to strengthen our competencies and expansion of our field force strength in accordance to our Strategic Plan, we should continue our growth momentum over the foreseeable future.

We have given a sequential Q-o-Q growth guidance for Q1 2013 and we remain positive to deliver a double digit revenue growth in 2013. From Industry perspective, with improvement in global risk outlook, we expect both Banking & Financial services and Healthcare & Insurance to grow much faster.

From profitability standpoint, we have been registering operating margins (EBIT) which are higher than the operating margins attained by companies of similar size. We reported an increase in operating margins on Y-o-Y basis in 2011 (vis-à-vis 2010). Further, we reported an increase in the operating margins on Y-o-Y basis in 2012 (vis-à-vis 2011). For the year 2012, our operating margins were 19.2% in USD well above the average operating margins of similar sized company.

To summarize, we aspire to be on a healthy revenue growth trajectory with profitability margins ahead of peer group companies on a sustainable basis.

Risk Management

Businesses are backed by a strong business models which in turn are backed by a set of assumptions. A business involves making set of projections which actually may materially differ from the time of taking decisions backed by these assumptions. More so in people driven and fast evolving space like IT where every output is unique and obsolescence is much faster. In IT, employees are the most critical assets and work very closely with the clients across the entire project lifecycle. A few of these risks are specific to the geographies and industry we operate in, while a few other are specific to the Company. Hexaware has formulated policies, procedures and strategies, compliance to which is affirmed by our Global CEO & Chief Financial Officer after consultation with all business units, functions and department heads. The following section discusses some of these risks and Hexaware's mitigation plans.

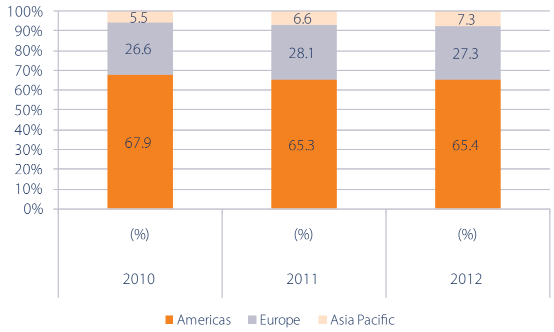
Revenue Concentration Risks

1. **Geography Concentration Risks:**

    a. Risk: The America region continues to be the largest contributor for Hexaware with nearly two-thirds of total revenues coming from the United States. A high dependence on specific geography can seriously impact our growth plan in event of sudden slowdown in the regional growth dynamics. Other factors like exchange rate and profitability of American companies might also impact our earning potential.

    b. Rationale: Our exposure to the regions is in line with the global industry pattern. While US contributes little more than a fifth to the global GDP, there are number of other factors like favor for capitalism, one of the highest per capita income, innovation driven culture and focus to retain high end work that allow it to identify and address the pockets of inefficiencies in the most optimum way. Despite several challenges in the last few years, North America has been the largest and one of the large nations where outsourcing has continued to grow the fastest.

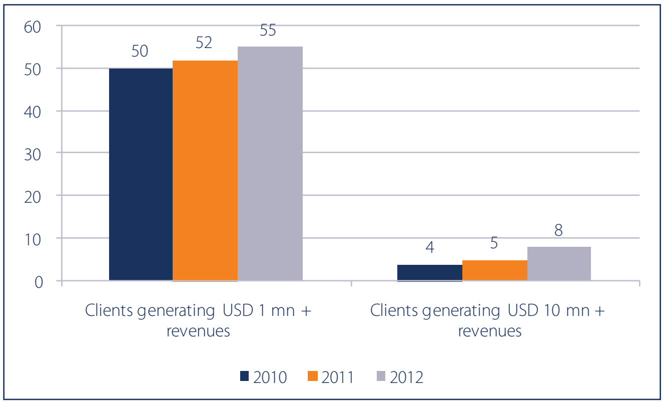
c. Mitigation Plan: During the last few years, we have taken number of initiatives to expand our global footprints. Our revenue share from Europe and Asia Pacific has been increasing. Within Europe we have a strong presence in Germany and we continue to invest and grow in this region. Within Asia pacific, we are focusing and growing our business from Australia and India.



2. Clients

a. Risk: Top 10% of the clients contribute over 50% to our revenue. A loss or major downsizing by any of these clients may impact our revenues and profitability. High dependence also signals lower negotiation power and higher credit risk faced by the Company.

b. Rationale: We maintain a very high quality of client roster and the same can be accessed through the depth of relationships with existing clients as well as the Fortune/ Global 500 list. Of current client base 218 organizations, 55 have contributed USD 1 million or more in revenues on a trailing twelve month basis. Large clients allow quick scaling up of our revenue and also come with much higher margins due to lower associated cost and more cost predictability. A prudent mix of the two aids us to strike the right balance



c. Mitigation Plan: Our growth strategy involves a mix of new client addition and account mining within existing clients. As we add more clients and grow our revenues from the existing clients, we naturally reduce our dependence on the large clients

3. Verticals

% of total revenue

Verticals	2011	2012
Banking & Financial Services	28.3	30.5
Travel & Transportation	23.2	20.5
Healthcare & Insurance	13.8	16.3
Emerging Verticals	34.7	32.7
Global Total	100.0	100.0

a. Risk: We get appreciable percentage of our revenue from two verticals Banking & Financial services and Travel & Transportation. Any industry specific slowdown can impact our revenues and profitability.

b. Rationale: We over the last few years have invested appreciable management time and dollars to identify a structure that would allow us to align in the best possible way to tap the pockets of high demand thereby ensuring growth and profitability of our company. Based on same, the company has identified focused verticals and strengthened its positioning in these by building capabilities around each sub-industry practice. Acquiring, training and retaining right talent, assigning dedicated teams for execution of projects, creating centers of excellence for innovation for each sub-industry practice are a few such measures.

c. Mitigation Plan: While adding depth in sub-industry practice and breath of service offerings, we are also branching out new sub-industry practice. 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 16.3% of the total revenues in 2012. Instead of spreading the limited resources too thin across multiple initiatives, we have developed well though through strategy of identifying budding vertical specific to US market and gaining sufficient learning and references to expand these to other geographies.

4. Horizontal

% of total revenue

Horizontals	2010	2011	2012
Enterprise Solutions	27.8	30.7	30.4
Business Intelligence / Business Analytics	7.9	10.0	11.9
Quality Assurance and Testing Services	8.8	9.7	10.2
BPO	6.7	5.5	4.5
Remote IMS	3.3	4.5	5.2
Application Development and Maintenance	45.5	39.6	37.8
Global Total	100.0	100.0	100.0

Management's Discussion and Analysis

a. Risk: The overall composition of Hexaware is highly skewed towards enterprise solutions and ADM. Any technology led change that may impact the growth of these two horizontals can materially impact our revenues and profitability.

b. Rationale: IT enables organizations globally to have a competitive advantage, stay ahead of the curve, be more efficient and provide a better end user experience. Our failure to foresee, invest, learn and develop new services and enhance existing offerings to meet the changing demand dynamics might make many of our service offerings outdated.

c. Mitigation Plan: We are consistently keeping a tab of changing technology pattern and demand dynamics. We forge alliances with global product leaders, participate in global forum, work closely with global best organizations and have been consistently making high investment in our innovation centers. In line with the market demand and aspirations, we have been launching and investing in additional service offerings.

d. In an attempt to fill an important void in our service offerings, we had earlier launched Remote Infrastructure Management Services. In a short span of time, the horizontal service line has grown to a healthy headcount and contributed 5% to overall revenue compared to 3.3% in 2010. Similarly we are expanding in emerging technologies like Mobility, Social Media, Cloud, and Big Data. The contribution of BA/BI to overall revenues increased to 11.9% in 2012 from 7.9% in 2010.

Financial Risks

1. Foreign Currency Fluctuations:

a. Risk: Substantial part of our earnings are in Foreign Currencies (USD, Euro), while most of the costs incurred are in Indian Rupees. Any appreciation in Indian Rupees relative to these currencies during the life of contract might adversely impact our margins.

b. Rationale: Given the global nature of Hexaware's business, currency risk is a natural outcome. Most of the contracts entered into are at fixed rate and may run across several years which further heighten the currency risk. Volatile domestic and global macroeconomic factors can further compound the situation.

c. Mitigation Plan: Our Board has a Foreign Exchange Committee that authorized Forex Policy. Backed by well-developed frameworks, methodologies and revenue & cost visibility, the committee consistently track market 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, 2012, we had hedges worth USD 218 million at an average rate of ₹ 52.40 and hedges worth € 14.0 million at an average exchange rate of ₹ 70.30 maturing over the course of the next 8 quarters (from January 2013 till December 2014). We have also adopted a practice of getting Foreign Exchange operations audited every year by our internal auditor, KPMG.

2. Liquidity

a. Risk: Our inability to quickly convert our assets into cash without incurring any appreciable loss.

b. Rationale: Like all organizations, we need a continuous access to funds to meet our short term and long term strategic investments. Our inability to meet such requirements in stipulated period may hamper our growth plan and even ongoing operations.

c. Mitigation Plan: We maintain a high cash and bank balance. At end of the year, we had a total cash & bank balance and mutual fund investment of ₹ 4,472.20 million. Also being a zero debt company, we have easy access to debt funds.

3. Credit Risk

a. Risk: We are exposed to credit risk on our accounts receivables. Any delay or loss can impact our profitability.

b. Rationale: All credits carry inherent risks to payment. Due to general slowdown in economy, clients may delay or default on their obligation.

c. Mitigation Plan: Our large and diverse client base helps in reducing the concentrations of credit risk. To control the Days' Sales Outstanding (DSO), we have also adopted effective receivable management system. Our DSO stood at 66 days as on December 31, 2012. This compares favorably with most other companies in the IT industry.

Operational Risks

1. Attrition Risk

a. Risk: Our success depends largely upon our highly skilled technology professionals and our ability to attract, hire, train, motivate and retain them. Our inability to do same might jeopardize our client commitments and growth plans

b. Rationale: Being a service company, our success hinges on our ability to retain high-performing and high-potential employees and leaders

c. Mitigation Plan: We have been consistently developing and retooling our employee friendly policies to attract and retain the best talent. We have created well defined career growth path, strengthened our internal HR processes, created forums to address employee issues, developed a culture of reward and recognition, provided an easy access to leadership team all of which help us to attract and retain the right talent

2. Competition Risk

a. Risk: Globally, many new companies are getting into technology space, as a result, the competition is fast increasing. This may affect our cost advantages, which could reduce our share of business from clients and decrease our revenues.

b. Rationale: IT-BPO services high margins have driven governments and companies especially across many countries with low per capita to provide a better alternative.

c. Mitigation Plan: Through our focused approach, deep domain understanding and technology prowess, we have created very strong differentiators. We are consistently investing in upgrading our processes and retooling our skill set to stay ahead of competition. India has highly talented resource base available at a very competitive price. The strong English and mathematics driven curriculum in India provides strong foundation and is very difficult to emulate even over the medium term.

3. Legal and Contractual Compliance

a. Risk: We may be liable to our clients for damages caused by disclosure of confidential information, system failures, errors or unsatisfactory performance of services.

b. Rationale: We are providing services to the clients across the globe and in that process the local laws of the respective countries need to be complied with.

c. Mitigation Plan: 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. On case to case basis, the operational teams spread across the globe are made aware of the compliance related issues to adhere to all contractual commitments

4. Disaster Risk

a. 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.

b. Rationale: Natural disasters are beyond human control and may hamper our ability to provide our services as per the SLAs.

c. Mitigation Plan: We have well defined Business Continuity Plan (BCP) and have 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 Private 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.

Internal Controls

Our approach towards internal control is guided to make an effective utilization of resources and to safeguard our assets and interests. We have developed robust policies, procedures, checks and balances to bring in discipline in day-to-day functions, for accurately and timely compilation of data. Additional checks to ensure regulatory and statutory compliance and to safeguards investors' interest have also been implemented

We have 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.

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

In the year 2012, initiatives undertaken by HR earlier, to improve the human resources effectiveness through automation of HR systems and processes, improving employee engagement, reducing employee attrition and enhancing operational efficiency, continued.

Hexaware places great importance on nurturing and retaining the best skills in the industry. Moreover, we are always careful in aligning the needs of the company with the aspirations of our employees and strive to make Hexaware an "Employer of Choice"

Management's Discussion and Analysis

With the focus to align the employee career aspirations with the functional necessities arising out of the new business orientation and bridge the talent gap, we have focused on promoting talent from within; by not only encouraging but also preparing them to take the higher position when required. Many key positions were fulfilled by vertical and / or horizontal movements of deserving candidates from within, thus leading to increased employee motivation and morale.

HR has made attempt to improve the morale and increased the confidence in the employees by conducting various employee engagement activities such as employee connect programs, stay interviews, flight risk management program, fast trackers' program, employee grievance management and counseling, job rotation and career management program and helping employees achieve work life balance.

HR also conducted workshops and activities under the aegis of "Hexacare" forum that aims to reach out to the employees through creating awareness about their health, safety, well-being thereby playing a role in the holistic development of the employees.

Some of the workshops or forums organized by HexaCare are as follows:

- Health related workshops
- Family Day
- Summer camp for employee's kids
- Hexaware kids' day
- Self-defense techniques for women employees
- Health café, yoga classes, stress management workshops
- Workshops for parents

Funsters – Hexaware is committed to promote the welfare of the employees. Funsters is one such platform (committee of employees) that aimed at creating a fun place to work through periodic activities specifically designed to create a "fun filled work environment" for the employees.

Counselling Services – Today stress and anxiety has become a part of everyone's life and there is no such thing as a stress-free employee. The only solution to deal with it positively is to opt for counseling sessions. Hexaware has hired a counselor to provide these counseling sessions to its employees so that employees remain stress-free yet motivated and capable.

Doctor-on-call – We have a visiting doctor who comes to our office twice a week and provides medical advice on call the remaining days.

Hexaware believes in the diversity and inclusivity of every individual going beyond race, religion, ethnicity and gender identity & expression. Our approach is progressive in nature that helps in creating a work environment which welcomes all forms of diversity. We have policies that are progressive in nature and are beneficial for employees at large. Also, taking into consideration the influx of women in the workforce in recent times, policies have been introduced to fulfill the special needs of this category of workforce.

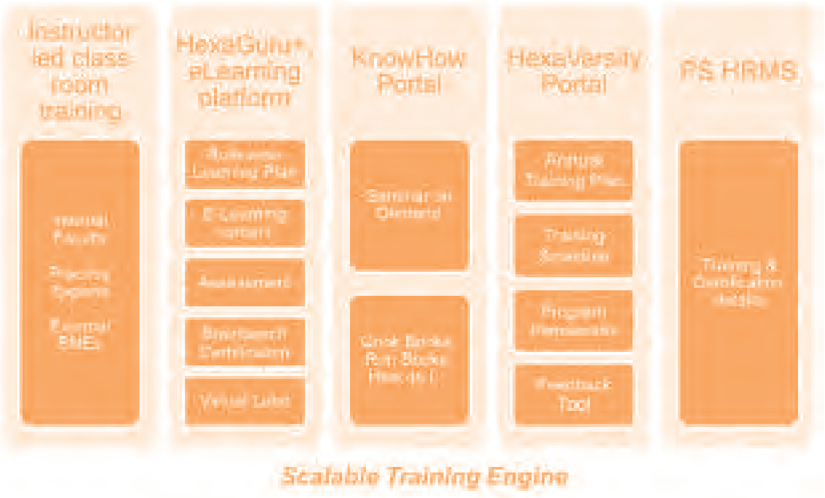
We have always made sincere, substantive and sustained efforts in building an eco-system which is conducive to the development and advancement of our women employees. They are encouraged to nurture their talent, thereby creating women business leaders, who, we believe will make an important contribution to business and the society at large. WAH (Women at Hexaware) Forum which was launched last year in all locations in India introduced a number of initiatives to fulfill the special needs of this group of workforce.

In year 2012, Foundation Training Program was conducted for campus recruits at our in-house Hexavarsity classrooms and learning centres. This program is custom-designed by HexaVarsity to induct, train and develop the skills and competencies of Hexaware's new employees. The curriculum consisted of different courses, both technical and non-technical, delivered over six weeks which also provides a unique bonding experience for trainees and trainers alike.

TALENT is our key asset that we constantly enhance and develop by harnessing the full potential of our people. Our Human Resource Capital is our source of competitive advantage. The quality and performance of our people is what sets us apart in an intensely competitive market.

We are committed to empower our employees, by enhancing their skill sets through Hexavarsity - corporate university of Hexaware. Hexavarsity has a vision of becoming a Corporate University admired by Global Academia and Industry for Enabling Continuous Excellence Enhancement of the Workforce.

We believe that different people stay with organization for different reasons, which may get un-noticed or uncovered in the "top to down driven strategy"



In order to leverage the strengths that makes an employee stay with the organization, we implemented Stay Interviews last year.

As a result of all the initiatives undertaken last year, the employee attrition dropped to 9.25 % in 2012. As on December 31, 2012, the Company's employee strength stood at 9,069.

For and on behalf of the Board

Atul K. Nishar
(Chairman)

Place : Mumbai
Date : March 29, 2013

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, 2012, the Consolidated Statement of Profit and Loss 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 standards generally accepted in India. Those standards require 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 ₹ 1,043.86 million as at December 31, 2012, total revenues of ₹ 2,839.74 million and net cash inflows amounting to ₹ 802.37 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 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, 2012;

   b) in the case of the Consolidated Statement of Profit and Loss, of the profit 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 Accountant
[Firm Registration No.: 117366W]

R. D. Kamat
Partner
Membership No. 36822

Mumbai, February 11, 2013

Consolidated Balance Sheet as at 31st December 2012

(₹ Million)

Particulars	Note No.	As at 31st December 2012		As at 31st December 2011	
I. EQUITY AND LIABILITIES					
Share Holders' Funds					
a. Share Capital	"4"	593.09		586.72	
b. Reserves and Surplus	"5"	11,445.10		9,575.11	
			12,038.19		**10,161.83**
Share Application Money pending allotment			**0.38**		**-**
Non-current liabilities					
a. Deferred Tax Liabilities (Net)	"6"	130.47		32.41	
b. Other Long term liabilities	"7"	77.57		122.97	
c. Long-term provisions	"8"	265.68		201.71	
			473.72		**357.09**
Current liabilities					
a. Trade Payables		532.57		538.89	
b. Other Current Liabilities	"9"	1,755.31		2,229.33	
c. Short-term Provisions	"10"	984.52		1,237.91	
			3,272.40		**4,006.13**
	Total		**15,784.69**		**14,525.05**
II. ASSETS					
Non-current assets					
a. Fixed Assets	"11"				
i) Tangible Assets		2,936.54		2,545.15	
ii) Intangible Assets		1,506.13		1,426.62	
iii) Capital Work-in-Progress		756.76		798.67	
		5,199.43		4,770.44	
b. Non-current investments	"12"	4.58		-	
c. Deferred Tax Asset (Net)	"6"	203.61		194.53	
d. Long-term loans and advances	"13"	1,088.77		807.80	
e. Other non-current assets	"14"	170.01		716.08	
			6,666.40		**6,488.85**
Current Assets					
a. Current Investments	"15"	2,349.83		228.77	
b. Trade Receivables	"16"	3,649.08		2,992.99	
c. Cash and Cash Equivalents	"17"	1,969.01		3,769.21	
d. Short-term Loans and Advances	"18"	508.68		479.32	
e. Other Current Assets	"19"	641.69		565.91	
			9,118.29		**8,036.20**
	Total		**15,784.69**		**14,525.05**
III. NOTES FORMING PART OF FINANCIAL STATEMENTS	"1 to 37"				

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)

Abhay Havaldar
(Director)

S. K. Mitra
(Director)

Ashish Dhawan
(Director)

Rajesh Kanani
(Acting Chief Financial Officer)

Gunjan Methi
(Company Secretary)

Place : Mumbai
Date : February 11, 2013

Consolidated Statement of Profit and Loss for the year ended 31st December 2012

(₹ Million)

Particulars		Note No.	For the year ended 31st December 2012		For the year ended 31st December 2011	
I.	**INCOME**					
a.	Revenue from Operations		19,481.78		14,505.12	
b.	Other Income	"20"	438.28		482.10	
				19,920.06		**14,987.22**
II.	**EXPENSES**					
a.	Software and Development Expenses	"21"	2,999.99		2,098.22	
b.	Employee benefits expenses	"22"	10,605.64		8,210.27	
c.	Operation and Other Expenses	"23"	1,835.78		1,583.19	
d.	Exchange rate difference (net)		113.33		(248.26)	
e.	Finance costs	"24"	1.61		21.49	
f.	Depreciation and amortization expense	"11"	324.14		247.03	
				15,880.49		**11,911.94**
	PROFIT BEFORE TAX			**4,039.57**		**3,075.28**
	Tax expense					
	Income Tax - Current (Includes prior year ₹22.31 million (₹ Nil))		815.60		650.70	
	Less: MAT Credit Entitlement		(150.45)		(282.72)	
	Net current tax expense		665.15		367.98	
	Income Tax - Deferred		97.95		37.03	
				763.10		405.01
	PROFIT FOR THE YEAR			**3,276.47**		**2,670.27**
	Earnings Per Share (in ₹)	"32"				
	Basic			11.09		9.13
	Diluted			10.89		8.92
	Face value of equity share (in ₹)			2.00		2.00
III.	**NOTES FORMING PART OF FINANCIAL STATEMENTS**	"1 to 37"				

In terms of our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants

R. D. Kamat
Partner

Place : Mumbai
Date : February 11, 2013

For and on behalf of the Board

Atul K. Nishar
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(Director)

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(Acting Chief Financial Officer)

Gunjan Methi
(Company Secretary)

Consolidated Cash Flow Statement for the year ended 31st December 2012

(₹ Million)

	Particulars	For the year ended 31st December 2012	For the year ended 31st December 2011
A	**Cash flow from operating activities**		
	Net Profit before tax	4,039.57	3,075.28
	Adjustments for:		
	Depreciation, amortization and Impairment	324.14	247.03
	Employees share based payment cost	0.73	2.24
	Interest Income	(283.22)	(325.52)
	Provision for doubtful accounts (net)	19.99	(91.54)
	Debts and advances written off	12.59	104.78
	Dividend from current investments	(61.18)	(76.01)
	Loss on sale of Investments	1.35	0.39
	Loss/(Profit) on sale of fixed assets (Net) / Assets written off	0.32	(0.71)
	Deferred cancellation (loss) / gains relating to roll-over cash flow hedges	(242.99)	(308.57)
	Exchange Rate Difference	94.69	80.65
	Interest Expense	1.61	21.49
	Operating profit before working capital changes	**3,907.60**	**2,729.51**
	Adjustments for:		
	Trade and other receivables	(598.95)	(884.14)
	Trade and other payables	(191.97)	201.39
	Cash generated from operations	**3,116.68**	**2,046.76**
	Direct Taxes Paid (Net)	(917.68)	(633.37)
	Net cash from operating activities	**2,199.00**	**1,413.39**
B	**Cash flow from investing activities**		
	Purchase of fixed assets	(743.68)	(632.99)
	Proceeds from sale of fixed assets	2.98	3.80
	Interest received (Net of tax ₹ 55.91 million (₹ 14.39 million))	322.70	210.54
	Purchase of Current Investments	(14,531.31)	(12,712.63)
	Proceeds from Sale of Investments	12,404.32	12,880.53
	Dividend from current investments	61.18	76.01
	Net cash used in investing activities	**(2,483.81)**	**(174.74)**
C	**Cash flow from financing activities**		
	Proceeds from issue of share capital	59.82	38.39
	Share Application money received	0.38	(1.09)
	Interest and other finance charges paid	(1.61)	(21.88)
	Proceeds from Short term borrowings from bank	-	1,125.41
	Repayment of Short term borrowings from bank	-	(1,210.96)
	Dividend paid (including corporate dividend tax)	(1,955.89)	(1,258.08)
	Repayments of long term and other borrowings	-	(126.66)
	Net cash used in financing activities	**(1,897.30)**	**(1,454.87)**
	Net Decrease in cash and cash equivalents	**(2,182.11)**	**(216.22)**
	Cash and cash equivalents at the beginning of the year	**4,132.33**	**4,348.55**
	Cash and cash equivalents at the end of the year	**1,950.22**	**4,132.33**
	Notes:		
	1. Cash and Cash equivalents included in the Cashflow statement comprise the following: (Refer Note no. 17)		
	Cash and Bank Balances	1,614.87	3,269.69
	'AAA' rated demand deposits with financial institutions	507.50	1,107.50
	Less: Effect of changes in Exchange rate in cash and cash equivalents	(18.79)	(94.38)
	Less: Restricted Bank Balances	(153.36)	(150.48)
	Total Cash and Cash equivalents	**1,950.22**	**4,132.33**
	2. Purchase of Fixed Assets (including movements in Capital work in progress) are considered as a part of investing activities.		
	3. 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

Place : Mumbai
Date : February 11, 2013

For and on behalf of the Board

Atul K. Nishar
(Chairman)

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

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(Director)

Ashish Dhawan
(Director)

Rajesh Kanani
(Acting Chief Financial Officer)

Gunjan Methi
(Company Secretary)

Notes forming part of financial statements

1. Background

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

2. Significant Accounting Policies

A. Basis of preparation of financial statements

These consolidated financial statements of Hexaware Technologies Limited ("the holding company") and its subsidiaries (together "the Company" or "Group") are prepared in accordance with generally accepted accounting principles applicable in India under the historical cost convention except for certain financial instruments which are measured at fair value. These financial statements comply with the 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 31st December 2012.

B. 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 unrealised 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 interests 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.

C. 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 and disclosures relating to contingent 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.

D. Revenue Recognition

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

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

c. Revenue is reported net of discount / incentive.

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

e. Interest Income is recognised on time proportion basis.

f. 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.

E. Fixed Assets

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

F. 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	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

G. 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.

H. Foreign Currency Transaction / Translation

Transactions in foreign currency are recorded at the original rate of exchange in force at the time transactions are effected. Exchange differences arising on settlement of foreign currency transactions are recognized in the Statement of Profit and Loss.

Monetary items denominated in foreign currency are restated using the exchange rate prevailing at the date of the Balance Sheet and the resulting net exchange difference is recognized in the Statement of Profit and Loss.

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

Foreign Branches

In respect of the foreign branches, being integral foreign operations, all revenues and expenses (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 Statement of Profit and Loss.

I. Translation and Accounting of Financial Statements of Foreign subsidiaries.

The local accounts of the subsidiaries being non integral foreign operations are maintained in local currency of the country of incorporation. The financial statements are translated to Indian Rupees as follows.

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

J. 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". These instruments are initially measured at fair value and are re-measured at subsequent reporting dates. Accordingly, the Company records the cumulative gain or loss on effective cash flow hedges in the Hedging Reserve account until the forecasted transaction materializes. Gain or loss on ineffective cash flow hedges is recognized in the Statement of Profit and Loss. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in hedging reserve is transferred to the Statement of Profit and Loss for the period.

K. 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, 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 Statement of Profit and Loss for the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight line basis over the average period until the benefits become vested. The retirement benefit liability recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the lower of the amount determined as the defined benefit liability and the present value of available refunds and / or reduction in future contributions to the scheme.

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.

L. 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.

M. 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 and liability is recognised for an equivalent amount. 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 over the lease term.

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

N. Taxes on Income

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

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.

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

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

O. Impairment of assets

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

P. 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.

Q. 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.

R. Provisions, Contingent Liabilities and Contingent assets

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

S. Cash and Cash Equivalents

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

3. Subsidiaries to consolidation

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

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

Notes:

Held by nominees of Hexaware Technologies UK Ltd.

* Application made by Company to Registrar of Company to strike off its name.

Hexaware Technologies SRL, Argentina was closed on 10th February 2012.

4. Share Capital

(₹ Million)

Particulars	As at 31st December 2012	As at 31st December 2011
A. Authorised		
325,000,000 Equity shares of ₹ 2/- each	650.00	650.00
1,100,000 Series "A" Preference shares of ₹ 1421/- each	1,563.10	1,563.10
(Authorised Preference share capital can be either cumulative or non cumulative with a power to the Company to convert the same into equity shares at any time.)		
Total	**2,213.10**	**2,213.10**
B. Issued, subscribed and paid-up capital		
Equity Shares of ₹ 2/- each fully paid.	593.09	586.72
Total	**593.09**	**586.72**

C. Reconciliation of number of shares

Particulars	As at 31st December 2012		As at 31st December 2011	
	Numbers	Amount	Numbers	Amount
Shares outstanding at the beginning of the year	293,358,428	586.72	145,200,980	290.40
Shares issued during the year	3,186,363	6.37	148,157,448	296.32
Shares outstanding at the end of the year	296,544,791	593.09	293,358,428	586.72

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

Name of Shareholder		As at 31st December 2012		As at 31st December 2011	
		Nos. of Shares held	% of holding	Nos. of Shares held	% of holding
i.	Elder Infosystems Pvt Ltd (Formerly Elder Hides and Leather Pvt Ltd.)	52,154,456	17.59	52,154,456	17.78
ii.	Elder Venture LLP	30,030,000	10.13	29,250,000	9.97
iii.	Dali Limited	28,627,294	9.65	28,627,294	9.76
iv.	GA Global Investments Ltd	21,139,580	7.13	21,139,580	7.21
v.	JP Morgan Chase Bank, NA (Unregistered ADR's held by GA Global Investments Ltd)	21,111,400	7.12	21,111,400	7.20
vi.	FID Funds (Mauritius) Limited	-	-	25,961,668	8.85

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

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

F. Rights, preferences and restrictions attached to equity shares

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

G. Shares reserved for issue under options

The Company has granted employee stock options under ESOP 2002, 2007 and 2008 scheme. Each option entitles the holder to one equity shares of ₹ 2 each. 6,452,576 options were outstanding as on 31st December 2012. (refer note No. 30)

H. Share application money

As at 31 December 2012, the Company has received an amount of ₹ 0.38 million on exercise of ESOP's by employees in respect of 30,193 equity shares at a premium of ₹ 10.45 per share. Shares are being allotted subsequent to the year end. The Company has sufficient authorised capital to cover the allotment of these shares.

I. The Board of Directors, at it's meeting held on 11th February 2013 has recommended a final dividend of ₹ 1.20/- per equity share.

5. Reserves and Surplus

(₹ Million)

Particulars		As at 31st December 2012	As at 31st December 2011
A.	**Securities premium account**		
	As per last Balance Sheet	4,521.83	4,773.61
	Add : Received during the year	53.45	33.17
	Add :Transfer from employee stock option outstanding	3.46	6.14
	Less :Transfer to share capital account consequent to issue of bonus shares	-	291.09
		4,578.74	**4,521.83**

(₹ Million)

	Particulars	As at 31st December 2012	As at 31st December 2011
B.	**Employee stock options outstanding**		
	As per last Balance Sheet	8.32	15.79
	Less : Reversal on forfeiture of stock options granted	0.45	1.33
	Less : Transfer to securities premium account on exercise of stock options	3.46	6.14
		4.41	8.32
	Less : Deferred employee compensation expenses	0.26	1.44
		4.15	**6.88**
C.	**General reserve**		
	As per last Balance Sheet	1,491.97	1,140.46
	Add : Transfer from statement of profit and loss	351.22	351.51
	(In respect of Subsidiary Company ₹ 51.22 million(₹ 51.51 million)	**1,843.19**	**1,491.97**
D.	**Hedging reserve**		
	As per last Balance Sheet	(1,035.85)	259.77
	Add : Losses / (Gains) transferred to statement of profit and loss	665.56	(78.05)
	Add : Changes in the fair value of the effective portion of outstanding cash flow hedges	(390.22)	(1,217.57)
		(760.51)	**(1,035.85)**
E.	**Amalgamation reserve**	**2.88**	**2.88**
F.	**Currency Translation Reserve**		
	As per last Balance Sheet	423.61	(31.65)
	Addition during the year (Net)	127.29	455.26
		550.90	**423.61**
G.	**Balance in statement of profit and Loss**		
	As per last Balance Sheet	4,163.79	3,207.36
	Add :Profit for the year	3,276.47	2,670.27
		7,440.26	5,877.63
	Less : Closure of Argentinian Subsidiary	(0.10)	-
	Appropriations		
	Interim dividend - equity	1,247.27	732.81
	Proposed dividend - equity	355.85	440.04
	Tax on dividend	260.07	189.48
	Transfer to general reserve	351.22	351.51
		5,225.75	**4,163.79**
	Total	**11,445.10**	**9,575.11**

6. Deferred Tax Assets / Liabilities

(₹ Million)

Particulars	As at 31st December 2012	As at 31st December 2011
a. Deferred Tax Assets		
i Provision for doubtful debts and advances	9.46	8.82
ii. Depreciation	6.26	7.16
iii. Employee Benefits	157.97	130.53
iv. Net Operating losses carried forward	-	7.06
v. Provision Others	21.50	37.39
vi. Others	8.80	3.57
Less: Deferred tax liability		
i Depreciation	0.38	-
Total	**203.61**	**194.53**
b. Deferred Tax Liabilities		
i. Depreciation	108.21	24.03
ii. Deferred Cancellation loss relating to roll-over	101.58	17.07
Less: Deferred Tax Asset		
i. Employee Benefits	48.52	8.47
ii. Provision Others	23.62	-
iii. Provision for doubtful debts and advances	7.18	0.22
Total	**130.47**	**32.41**

7. Other Long Term Liabilities

(₹ Million)

Particulars	As at 31st December 2012	As at 31st December 2011
a. Deposit received for leased premises	-	9.00
b. Capital creditors	16.49	.
c. Liability for mark to market losses on derivative contracts	61.08	113.97
Total	**77.57**	**122.97**

8. Long Term Provisions

(₹ Million)

Particulars	As at 31st December 2012	As at 31st December 2011
For employee benefits	265.68	201.71
Total	**265.68**	**201.71**

9. Other Current Liabilities

(₹ Million)

Particulars	As at 31st December 2012	As at 31st December 2011
a. Unearned revenues	125.47	134.59
b. Equity share application money refundable	-	0.29
c. Unclaimed dividend *	45.63	28.89
d. Other payables :		
i. Employee related	589.57	494.28
ii. Statutory liabilities	254.45	217.74
iii. Deposit received for leased premises	28.67	19.32
iv. Capital creditors	121.86	180.72
v. Advances from customers	0.05	-
vi. Liability for mark to market losses on derivative contracts	160.76	766.73
vii. For expenses	428.85	386.77
Total	**1,755.31**	**2,229.33**

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

10. Short Term Provisions

(₹ Million)

	Particulars	As at 31st December 2012	As at 31st December 2011
a	Provision for employee benefits	328.21	293.11
b	Proposed dividend	355.85	440.04
c	Tax on proposed dividend	57.73	71.39
d	For tax (net of advance tax)	45.42	87.18
e	Others (Refer Note 35)	197.31	346.19
	Total	**984.52**	**1,237.91**

11. Fixed Assets

(₹ Million)

Sr. No.	Particulars	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
		As at 01.01.2012	Additions	Deductions / Adjustments	As at 31.12.2012	As at 01.01.2012	FOR THE YEAR	Deductions / Adjustments	As at 31.12.2012	As at 31.12.2012	As at 31.12.2011
I	**Tangible Assets**										
	Land - Freehold	0.15	-	-	0.15	-	-	-	-	0.15	0.15
	Land - Leasehold (Refer Note No.1)	362.14	-	-	362.14	18.13	3.76	(0.08)	21.97	340.17	344.01
	Buildings	1,614.00	224.93	-	1,838.93	83.21	28.69	0.10	111.80	1,727.13	1,530.79
	Plant And Machinery	1,163.66	233.12	2.47	1,394.31	891.28	117.65	2.81	1,006.12	388.19	272.38
	Office Equipments	470.04	114.48	0.57	583.95	238.81	85.53	0.62	323.72	260.23	231.23
	Furniture And Fixtures	454.23	94.58	(4.03)	552.84	294.52	44.73	(3.39)	342.64	210.20	159.71
	Improvements To Leasehold Premises	26.10	3.65	0.45	29.30	24.26	1.17	0.51	24.92	4.38	1.84
	Vehicles	35.73	3.59	3.09	36.23	30.69	2.02	2.57	30.14	6.09	5.04
	Total - Tangible Assets	**4,126.05**	**674.35**	**2.55**	**4,797.85**	**1,580.90**	**283.55**	**3.14**	**1,861.31**	**2,936.54**	**2,545.15**
	Previous Year	*3,340.87*	*857.62*	*72.44*	*4,126.05*	*1,431.52*	*223.64*	*74.26*	*1,580.90*	*2,545.15*	
II	**Intangible Assets**										
	Softwares	165.53	71.18	25.42	211.29	116.30	40.59	25.40	131.49	79.80	49.23
	Goodwill On Consolidation	1,377.39	-	(48.94)	1,426.33	-	-	-	-	1,426.33	1,377.39
	Total - Intangible Assets	**1,542.92**	**71.18**	**(23.52)**	**1,637.62**	**116.30**	**40.59**	**25.40**	**131.49**	**1,506.13**	**1,426.62**
	Previous Year	*1,288.07*	*32.30*	*(222.55)*	*1,542.92*	*87.97*	*23.39*	*(4.94)*	*116.30*	*1,426.62*	
III	**Capital Work In Progress**				**756.76**					**756.76**	**798.67**
	(In Respect of Buildings Under Construction)										
	Grand Total	**5,668.97**	**745.53**	**(20.97)**	**7,192.23**	**1,697.20**	**324.14**	**28.54**	**1,992.80**	**5,199.43**	**4,770.44**

Notes:

1 Includes ₹ 285.32 million and ₹ 17.12 million (Previous Year ₹ 14.10 million) being lease premium and accumulated amortization in respect of leasehold land alloted to the Company at Pune and Nagpur for which final lease agreement is being executed.

2 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	48.94	-
TANGIBLE ASSETS		
Plant and Machinery	7.09	6.55
Office Equipments	0.66	0.53
Furniture and Fixtures	3.74	2.06
Improvements to Leasehold Premises	2.22	2.16
Vehicles	0.05	0.05
INTANGIBLE ASSETS		
Computer Softwares	1.22	1.23
Current Year	**63.92**	**12.58**
Previous year	*248.33*	*26.71*

3 Plant and Machinery includes computer systems.

12. Non-Current Investments

(₹ Million)

Particulars	As at 31st December 2012	As at 31st December 2011
Trade investments (unquoted) (at cost) - in others		
240,958 (Previous year Nil) equity shares of ₹ 10/- each in Beta Wind Farm Pvt.Ltd.	4.58	-
Total	**4.58**	**-**
Aggregate value of unquoted investments	4.58	-

13. Long Term Loans and Advances (Unsecured)

(₹ Million)

Particulars	As at 31st December 2012	As at 31st December 2011
Considered good		
a. Capital Advances	13.01	14.71
b. Security Deposits	64.71	69.28
c. Advance Income Tax (net of provision for tax)	279.32	166.53
d. MAT Credit Entitlement	690.11	539.66
e. Other Loans and advances	41.62	17.62
Total	**1,088.77**	**807.80**

14. Other Non Current Assets

(₹ Million)

Particulars	As at 31st December 2012	As at 31st December 2011
a. Interest accrued on deposits	8.37	1.25
b. Unbilled services	8.28	106.85
c. Non current bank balances		
i. Restricted bank balances	153.36	150.48
ii Bank deposit accounts with more than 12 months maturity from the date of balance sheet	-	457.50
Total	**170.01**	**716.08**

15. Current Investments

(₹ Million)

	Particulars	No. of Units	As at 31st December 2012	No. of Units	As at 31st December 2011
	Investment in mutual funds (Unit of ₹ 10/- each, unless otherwise stated)				
	(Unquoted) (At cost or fair value whichever is lower)				
a.	Birla Sun Life Dynamic Bond Fund - Retail Plan - Monthly Dividend	23,917,490	252.54	-	-
b.	Birla Sun life floating Rate Fund - STP - IP- Daily Dividend Reinvestment (Face value ₹ 100/-)	2,274,946	227.54	-	-
c.	DSP Blackrock Liquidity Fund - Institutional Plan - Daily Dividend (Face value ₹ 1000/-)	50,028	50.04	-	-
d.	HDFC Short Term Opportunity Fund - Dividend Reinvest	25,182,075	252.85	-	-
e.	ICICI Prudential Blended Plan B Daily Dividend Option	31,105,418	311.79	-	-
f.	Kotak Floater Short Term - Daily Dividend	30,530,679	308.85	-	-
g.	Sundaram Money Fund Regular Daily Dividend	19,814,869	200.04	-	-
h.	Sundaram Ultra ST Fund Super Inst Daily Div reinvestment	19,694,059	197.67	-	-
i.	Templeton India ultra Short Term Bond Fund Super Institutional Plan - Daily Dividend Reinvestment	32,022,111	320.77	-	-
j.	Templeton India Treasury Management Account Super Institutional Plan (Face value ₹ 1000/-)	227,590	227.74	-	-
k.	DWS Ultra Short Term Fund - Institutional Daily Dividend Reinvest	-	-	10,075,460	100.94
l.	Reliance Liquid Fund - Treasury Plan - Institutional Option - Daily Dividend	-	-	3,284,688	50.21
m.	Tata Money Market Fund Institutional Plan - Daily Dividend	-	-	2,504,343	25.08
n.	UTI Money Market Fund-Institutional Daily Dividend Reinvest (Face value ₹1000/-)	-	-	52,367	52.54
	Total		**2,349.83**		**228.77**
	Aggregate value of unquoted investments.		2,349.83		228.77

16. Trade Receivables (Unsecured)

(₹ Million)

Particulars	As at 31st December 2012		As at 31st December 2011	
a. Over six months from the due date				
Considered good	2.14		.	
Considered doubtful	43.82		24.81	
	45.96		24.81	
Less : Provision for doubtful accounts	43.82	2.14	24.81	-
b. Others				
Considered good	3,646.94		2,992.99	
Considered doubtful	15.90		8.58	
	3662.84		3001.57	
Less : Provision for doubtful accounts	15.90	3646.94	8.58	2,992.99
Total		**3,649.08**		**2,992.99**

17. Cash and Cash Equivalents

(₹ Million)

Particulars			As at 31st December 2012		As at 31st December 2011	
a.	Balances with banks					
	i.	In current accounts	675.76		487.31	
	ii.	Cash in hand	0.02		0.07	
	iii.	Remittance in transit	61.15		-	
	iv.	Bank deposits accounts with less than 3 months maturity	212.58		254.26	
				949.51		741.64
b.	Other bank balances					
	i.	Earmarked balances with banks	105.92		107.92	
	ii.	Unclaimed dividend accounts	40.96		29.37	
	iii.	Margin money	6.48		13.19	
	iv.	Security against guarantees	-		0.75	
	v.	Bank deposit accounts with more than 12 months original maturity	498.50		2,171.25	
	vi.	Bank deposit accounts with more than 3 and less than 12 months original maturity	13.50		205.57	
				665.36		2,528.05
				1,614.87		**3,269.69**
c.	"AAA" rated demand deposit with Financial Institution			507.50		1,107.50
Less: Bank balances reclassified as non current assets						
	i.	Restricted bank balances	(153.36)		(150.48)	
	ii.	Bank deposit accounts with more than 12 months maturity from the date of balance sheet	-		(457.50)	
				(153.36)		(607.98)
		Total		**1,969.01**		**3,769.21**

18. Short Term Loans and Advances (Unsecured)

(₹ Million)

Particulars			As at 31st December 2012		As at 31st December 2011	
a.	**Considered good**					
	i.	Security deposits	86.64		131.13	
	ii.	Advance income tax (net of provision for tax)	28.84		26.66	
	iii.	Other loans and advances (includes service tax receivable, prepaid expenses and employee advances)	393.20		321.53	
				508.68		**479.32**
b.	**Considered doubtful**					
		Other loans and advances	33.23		38.01	
		Less: Provision for doubtful deposits / advances	(33.23)	-	(38.01)	-
		Total		**508.68**		**479.32**

19. Other Current Assets

(₹ Million)

Particulars		As at 31st December 2012	As at 31st December 2011
a.	Interest accrued on deposits	56.65	159.16
b.	Unbilled services	585.04	406.75
	Total	**641.69**	**565.91**

20. Other Income

(₹ Million)

Particulars		For the year ended 31st December 2012	For the year ended 31st December 2011
a.	Dividend from current investments	61.18	76.01
b.	Loss on sale / diminution in value of current investments (net)	(1.35)	(0.39)
c.	Interest income	283.22	325.52
d.	Profit on sale of fixed assets (net)	0.73	1.25
e.	Rental income	70.82	56.72
f.	Miscellaneous income	23.68	22.99
	Total	**438.28**	**482.10**

21. Software and Development Expenses

(₹ Million)

Particulars		For the year ended 31st December 2012	For the year ended 31st December 2011
a.	Consultant travel and related expenses	982.41	749.92
b.	Software expenses*	2,017.58	1,348.30
	Total	**2,999.99**	**2,098.22**
* Includes subcontracting charges		1,739.95	1,115.52

22. Employee Benefits Expenses

(₹ Million)

Particulars		For the year ended 31st December 2012	For the year ended 31st December 2011
a.	Salaries and allowances	9,352.20	7,233.21
b.	Contribution to provident and other funds	1,022.92	805.20
c.	Staff welfare expenses	229.79	169.62
d.	Employee stock option compensation cost	0.73	2.24
	Total	**10,605.64**	**8,210.27**

23. Operations and Other Expenses

(₹ Million)

	Particulars	For the year ended 31st December 2012		For the year ended 31st December 2011	
a.	Rent		212.00		255.97
b.	Rates and taxes		38.32		18.77
c.	Travelling and conveyance expenses		470.56		349.84
d	Electricity charges		179.93		142.55
e.	Communication expenses		185.87		158.34
f.	Repairs and maintenance				
	i. Building	12.57		10.82	
	ii. Plant and machinery	64.89		34.87	
	iii. Others	44.99		52.48	
			122.45		98.17
g.	Printing and stationery		21.95		22.54
h.	Auditors remuneration				
	i. Audit Fees	16.53		12.40	
	ii. Tax Audit Fees	1.84		1.38	
	iii.Limited review, certification work, taxation and other matter	4.52		5.71	
			22.89		19.49
i.	Legal and professional fees		100.55		121.50
j.	Advertisement and publicity		26.37		32.59
k.	Seminar, conference and business promotion expenses		101.60		74.64
l.	Bank and other charges		9.66		9.12
m.	Directors' sitting fees		2.02		3.02
n.	Insurance charges		37.80		26.81
o.	Fixed assets written off		1.05		0.54
p.	Bad debts/ advances /investment written off (includes investment written off ₹ Nil (₹ 21.73 million) net of write back ₹ 0.07 million (₹ 0.04 million))		12.59		104.78
q.	Provision for doubtful accounts (Net of write back ₹ 22.44 million (₹ 110.93 million) which includes reversal of provision for diminution in value of investment of ₹ Nil (₹ 21.73 milllion))		19.99		(91.54)
r.	Staff recruitment expenses		59.99		66.71
s.	Service charges		105.15		79.41
t.	Miscellaneous expenses		105.04		89.94
	Note : Miscellaneous expenses includes stamp duty & filing fees, registrar and share transfer expenses, membership and subscription fees etc.				
	Total		**1,835.78**		**1,583.19**

24. Finance Costs

(₹ Million)

	Particulars	For the year ended 31st December 2012	For the year ended 31st December 2011
a.	Interest others (Includes on working capital loan)	1.61	14.84
b.	On term Loans	.	6.65
	Total	**1.61**	**21.49**

25. Contingent liability in respect of claims not acknowledged as debt - ₹ 28.14 million (Previous year ₹ 28.14 million).

26. Contingent liability in respect of Income Taxes :

In case of a Subsidiary company's Income tax of ₹ 1.43 million (Previous year ₹ 1.43 million) for Assessment year 2008-09, disputed in appeal and pending decision. Subsidiary company is hopeful of getting a favourable decision.

27. 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.

28. Estimated amount of contracts remaining to be executed on capital account not provided for (Net of Advances) ₹ 160.42 million (Previous year ₹ 264.89 million)

29. 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 Statement of Profit and Loss for the year are ₹ 94.75 million (Previous year ₹ 143.32 miliion).

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

(₹ Million)

Particulars	As at 31st December 2012	As at 31st December 2011
Not Later than one year	100.37	99.33
Later than one year but not later than five years	206.82	128.07
Total	**307.19**	**227.40**

Non-cancellable rental income recognised in the profit and loss account on account of leased premises is ₹ 18.52 million (Previous year ₹ 40.46 million)

Minimum lease income expected to be received in future are as follows:

(₹ Million)

Particulars	As at 31st December 2012	As at 31st December 2011
Not Later than one year	-	18.52
Later than one year but not later than five years	-	12.83
Total	**-**	**31.35**

30. Share Based Compensation (ESOP)

a) 257,164 (555,280) Options is the balance outstanding as at 31st December 2012 and 2011 respectively under Hexaware Technologies Limited – Employee Stock Option ('ESOP – 2002') 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 and the term of option is seven years from the date of grant. 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 (d).

b) 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. 6,080,233 (9,166,324) Options is the balance outstanding as at 31st December 2012 and 2011 respectively 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 and the term of option is seven years from the date of grant. 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 10th September 2014 (closing date). The particulars of options granted and lapsed under the Scheme are tabulated below under (d).

c) 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. 115,179 (178,680) Options is the balance outstanding as at 31st December 2012 and 2011 respectively 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 and the term of option is seven years from the date of grant. 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 23rd October 2015 (Closing date). The particulars of options granted and lapsed under the Scheme are tabulated below under (d).

d) The particulars of number of options granted and lapsed under the aforementioned schemes are tabulated below.

Particulars	ESOP - 2002		ESOP - 2007		ESOP - 2008		Total	
	Options (nos.)	Weighted avg. ex. Price per share(₹)	Options (nos.)	Weighted avg. ex. Price per share (₹)	Options (nos.)	Weighted avg. ex. Price per share (₹)	Options (nos.)	Weighted avg. ex. Price per share (₹)
Outstanding as at the beginning of the year	555,280	12.48	9,166,324	30.85	178,680	28.83	9,900,284	29.78
	(851,118)	(13.00)	(9,494,308)	(14.24)	(689,644)	(31.59)	(11,035,070)	(15.23)
Granted during year	-	-	-	-	-	-	-	-
	(-)	(-)	(2,949,500)	(66.82)	(-)	(-)	(2,949,500)	(66.82)
Excercised during the year	213,738	12.49	2,909,124	19.05	63,501	27.35	3,186,363	18.78
	(239,838)	(12.50)	(2,542,144)	(11.78)	(174,486)	(31.27)	(2,956,468)	(12.99)
Lapsed during the year	84,378	12.45	176,967	38.68	-	-	261,345	30.21
	(56,000)	(20.31)	(735,340)	(26.64)	(336,478)	(33.22)	(1,127,818)	(28.29)
Outstanding as at the year end	257,164	12.48	6,080,233	36.26	115,179	29.65	6,452,576	35.20
	(555,280)	(12.48)	(9,166,324)	(30.85)	(178,680)	(28.83)	(9,900,284)	(29.78)
Excercisable as at the year end	100,000	12.45	1,510,112	31.84	742	5.00	1,610,854	30.62
	(72,200)	(12.45)	(1,309,084)	(16.83)	(550)	(5.00)	(1,381,834)	(16.60)

Previous year figures are given in brackets.

Notes:

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 scheme as at 31st December 2012:

Range of exercise price	As at 31st December 2012		As at 31st December 2011	
	Options (nos.)	Weighted average remaining life	Options (nos.)	Weighted average remaining life
5.00 - 13.30	3,423,703	39	6,188,284	51
30.70 - 42.85	610,500	53	918,500	63
51.98 - 79.85	2,428,373	64	2,793,500	76
Total	**6,462,576**		**9,900,284**	

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

(₹ Million)

Particulars	Year 2012	Year 2011
Balance at the beginning of the year	1.44	5.01
Less: Amortisation for the year	0 .73	2.24
Less: Reversal due to forfeiture	0 .45	1.33
Balance carried forward (refer Note "5")	**0 .26**	**1.44**

e) The Company has followed the Intrinsic Value-based method of accounting for stock options granted after 1st January 2006 based on Guidance Note on Accounting for Employee Share-based Payments, issued by ICAI . 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 group's net income would be lower by ₹ 38.03 million (Previous year ₹ 48.99 million) and earnings per share as reported would be lower as indicated below:

Particulars	Year 2012	Year 2011
Basic Earnings per share		
As reported (in ₹)	11.09	9.13
Adjusted (in ₹)	10.96	8.97
Diluted Earnings per share		
As reported (in ₹)	10.89	8.92
Adjusted (in ₹)	10.77	8.76

The Company has adopted Black Scholes option pricing model to determine the fair value of stock options. There were no grants in year 2012. The fair values of each option granted in year 2011 are estimated on the date of grant based on the following assumptions:

Particulars	ESOP 2007
Dividend Yeild (%)	1.42 - 1.96
Expected Life (years)	4.00- 5.50
Risk free interest rate (%)	7.85 - 8.34
Volatility (%)	57.82 - 63.66

31. Related party disclosures

Names of related parties and description of relationship:

Key Management Personnel

Mr. Atul K. Nishar – Chairman

Mr. P. R. Chandrasekar - Vice Chairman and Chief Executive Officer

Dr. (Mrs) Alka A Nishar – Director

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

Mr Ramanan Seshadri - Whole Time Director (Hexaware Technologies UK Ltd)

Mr. R U Srinivas – President and Executive Director (Caliber Point Business Solutions Ltd)

Mr Rajiv Pant – President North America (Hexaware Technologies Inc)

Others

Hexaware Technologies Employee Stock Option Trust-entities in which key management personnel have control and/or significant influence

Ms. Priyanka Atul Nishar – Relative of key management personnel

Transactions with related parties

Receiving of Services

Particulars	Remuneration (₹ Million)	Employee Stock Option/ Perfomance share Granted (Nos)	Units/Options including restricted Stock units Outsanding as on 31-12-2012 (Nos)
Mr. Atul K. Nishar	12.91	-	-
	(11.38)	(-)	(-)
Mr P R Chandrasekar	76.78	-	1,019,978
	(62.92)	(-)	(1,925,262)
Mr R V Ramanan	26.87	-	388,822
	(19.49)	(250,000)	(517,606)
Dr. (Mrs.) Alka A. Nishar	8.95	-	-
	(17.28)	(-)	(-)
Mr Yogendra Shah	-	-	-
	(7.14)	(-)	(-)
Mr R U Srinivas	13.55	-	60,000
	(12.51)	(-)	(60,000)
Mr Rajiv Pant	40.57	-	242,536
	(31.68)	(50,000)	(576,338)

Particulars	Remuneration (₹ Million)	Employee Stock Option/ Perfomance share Granted (Nos)	Units/Options including restricted Stock units Outsanding as on 31-12-2012 (Nos)
Mr. Ramanan Sheshadri	29.82	-	248,000
	(21.14)	(150,000)	(298,000)
Ms. Priyanka Nishar	-	-	-
	(0.23)	(-)	(-)

Previous year figures are given in brackets

32. Earnings per Share (EPS)

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

Particulars	For the year ended 31st December 2012	For the year ended 31st December 2011
Net profit after tax (₹ million)	3,276.47	2,670.27
Weighted average outstanding equity shares considered for basic EPS (Nos.)	295,531,683	292,341,279
Basic Earnings per share (In ₹)	11.09	9.13
Weighted average outstanding equity shares considered for basic EPS (Nos.)	295,531,683	292,341,279
Add : Effect of dilutive issue of stock options (including share application money received on exercise of options) (Nos.)	5,253,564	7,018,987
Weighted average outstanding equity shares considered for diluted EPS (Nos.)	300,785,247	299,360,266
Diluted Earnings per share (In ₹)	10.89	8.92

33. Employee benefit plans

a. Provident Fund, Superannuation Fund and other similar funds.

i. In respect of holding company and its subsidiaries in India:

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 Provident Fund Trust (the 'Trust'). The remaining portion by the holding Company and entire contribution by its subsidiary Company is contributed to the Government administered employee Pension Fund. The interest rate payable by the Trust to the beneficiaries every year is being notified by the government. The Company has an obligation to make good the short fall, if any, between the return from the investments of the trust and the notified interest rate. The actuary has accordingly provided a valuation and based on the assumptions mentioned below in respect of holding Company, there is no shortfall as at 31st December 2012.

(₹ Million)

Particulars	As at 31st December 2012
Present value of benefit obligation	1,283.38
Fair value of plan assets	1,283.38
Expected Investment Return	9.13%
Remaining term of maturities	7.55 Years
Expected guaranted interest rates	8.25%

Certain employees of the holding Company and its subsidiaries 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 ₹ 202.49 million (Previous year ₹ 182.51 million) and ₹ 10.52 million (Previous year ₹ 6.26 million) respectively during the year ended 31st December 2012.

ii. The Company contributed ₹285.07 million (Previous year ₹ 257.62 million) towards various other defined contributions plans of subsidiaries located outside India during year ended 31st December 2012 as per laws of the respective country.

b. Gratuity plans in respect of holding Company and its subsidiaries in India:

Both the companies 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 31st December 2012

(₹ Million)

Particulars	Year 2012	Year 2011
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	**268.97**	**237.18**
Current Service Cost	60.20	52.30
Interest Cost	27.07	22.18
Actuarial losses / (gains)	3.24	(18.89)
Benefits paid	(15.22)	(23.80)
Closing Defined Benefit Obligation	**344.26**	**268.97**
Change in the Fair Value of Assets		
Opening Fair Value of Plan Assets	**158.51**	**148.48**
Expected Return on Plan Assets	13.86	13.21
Actuarial gains	1.67	0.68
Contribution by Employer	42.59	19.94
Benefits paid	(15.22)	(23.80)
Closing Fair Value of Plan Assets	**201.41**	**158.51**
Net Liability as per Actuarial Valuation	**142.85**	**110.46**
Expense for the year		
Current Service Cost	60.20	52.30
Interest on Defined Benefit Obligation	27.07	22.18
Expected Return on Plan Assets	(13.86)	(13.21)
Actuarial losses / (gains)	1.57	(19.57)
Total Included in Employment Expenses	**74.98**	**41.70**
Actual Return on Plan Assets	**15.53**	**13.89**
Category of Assets as on December 31, 2012 (Insurer Managed Fund)	**201.41**	**158.51**

Other Details	31-Dec-12	31-Dec-11	31-Dec-10	31-Dec-09	31-Dec-08
Defined Benefit Obligation	344.26	268.97	237.18	204.25	207.47
Plan Assets	201.41	158.51	148.48	111.09	60.51
Surplus / (Deficit)	(142.85)	(110.46)	(88.70)	(93.16)	(146.96)
Experience Adjustment on Plan Liabilities	(18.49)	(2.15)	(16.39)	(18.18)	(26.90)
Experience Adjustment on Plan Assets	1.67	0.68	2.56	0.36	1.52

The Company is expected to contribute ₹ 56 million to gratuity funds for the year ended 31st December 2013.

Financial Assumptions at the Valuation Date:

Particulars	2012 Parent Company	2012 Subsidiary Companies	2011 Parent Company	2011 Subsidiary Companies
Discount rate	8.10%	8.15%	8.55%	8.45%
Rate of increase in compensation levels of covered employees **	10% for first year and 7.5% thereafter	6%	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 managed 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, the market value of assets is the cost value of assets and has been accordingly considered for the above disclosures.

34. Derivative Instruments

The Company has following outstanding derivatives instruments:

(i) Forward exchange contracts to Sell USD 218.12 million and Sell Euro 13.96 million (Previous Year Sell USD 181.28 million and Sell Euro 9.39 million and Buy Euro 0.43 million).

(ii) Fair value (net loss) of the derivative instruments identified as cash flow hedges is ₹ 221.84 million (Previous year ₹ 880.70 million).

(iii) Net loss of ₹ 760.51 million recognised in Hedging Reserve is expected to be classified to Profit and loss Account over two years.

35. "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	As at 31st December 2012	As at 31st December 2011
Provision at the beginning of the year	346.19	374.40
Provision made during the year	8.35	51.22
Paid /adjusted during the year	(157.23)	(79.43)
Provision at the end of the year	**197.31**	**346.19**

36. Segments

Primary Segment : Business Segments

(₹ Million)

Particulars	Travel, Transportation, Hospitality and Logistics	Banking and Financial Services	Insurance and Healthcare	Manufacturing and Services	Others	Total
Segment Revenue	3,777.75	5,698.68	3,020.15	4,370.06	2,615.14	19,481.78
	(3,171.07)	(3,865.16)	(1,898.37)	(3,483.62)	(2,086.90)	(14,505.12)
Segment Results	838.85	968.38	623.63	1,180.24	429.27	4,040.37
	(435.58)	(706.59)	(286.63)	(798.30)	(386.34)	(2,613.44)
Less: Unallocable expenses, net (Previous year income, net)						437.47
						(-1.23)
Add: Other Income						438.28
						(482.10)
Less: Interest						1.61
						(21.49)
Profit before tax						4,039.57
						(3,075.28)
Less: Provision for taxation						763.10
						(405.01)
Profit after tax						3,276.47
						(2,670.27)
Other Information - Segment Assets (Refer Note No. 3)						
Goodwill	-	-	-	-	1,426.33	1,426.33
	(-)	(-)	(-)	(-)	(1,377.39)	(1,377.39)

Secondary Segment – Geographic Segment

(₹ Million)

Particulars	North America	Europe	India	Rest of the World	Total
Revenue attributable to location of customers	12,750.61	5,263.11	381.27	1,086.79	19,481.78
	(9,488.48)	(4,068.83)	(308.01)	(639.80)	(14,505.12)
Segment assets based on their locations	3,087.90	549.54	5,599.22	119.53	9,356.19
	(2,427.45)	(455.28)	(4,936.29)	(123.53)	(7,942.55)
Additions to fixed assets (including capital work in progress)	44.21	3.66	655.71	0.04	703.62
	(9.01)	(2.17)	(723.18)	(-)	(734.36)
Goodwill	1,300.71	125.62	-	-	1,426.33
	(1,256.03)	(121.36)	(-)	(-)	(1,377.39)

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 and the internal reporting system.
2. Revenues and expenses directly attributable to segments are reported under each reportable business segment. Common expenses which are not directly identifiable to each reporting segment have been allocated to each reporting segment on the basis of associated revenues of the segment. All other expenses which are not attributable or allocable to segments have been disclosed as unallocable expenses.
3. Assets and liabilities contracted have not been identified to any of the reportable 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 (other than goodwill) and segment liabilities are made.
4. Figures in brackets have been given for the year ended 31st December 2011 for statement of profit and Loss and as at 31st December 2011 for the Balance Sheet.

37. The Company has prepared the financial statements following Revised Schedule VI for the first time during the year. This has significantly impacted the disclosure and presentation made in the financial statements. Previous years figures have been regrouped / reclassified wherever necessary to correspond with the current years classification / disclosure.

In terms of our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants

R. D. Kamat
Partner

Place : Mumbai
Date : February 11, 2013

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)

Abhay Havaldar
(Director)

S. K. Mitra
(Director)

Ashish Dhawan
(Director)

Rajesh Kanani
(Acting 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, 2012, the Statement of Profit and Loss 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 Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
   d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement 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, 2012;
      ii) in the case of the Statement of Profit and Loss, of the profit 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, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on December 31, 2012 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 11, 2013

ANNEXURE TO THE AUDITOR'S 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 no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and nature of its assets.

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

ii) The activities of the Company and the nature of its business do not involve the use of inventory. Accordingly, clause 4(ii) of the Companies (Auditor's Report) Order, 2003 is not applicable.

iii) The Company has 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, 2003 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 major weaknesses in such internal control system.

v) In respect of contracts and arrangements entered in the register maintained in pursuance of Section 301 of the Companies Act 1956:

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, where the transactions made in pursuance of such contracts or arrangements during the year are in excess of ₹ 5 lacs, they have been made at prices, which are, prima facie, reasonable having regard to the prevailing market prices at the relevant time.

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 Companies Act, 1956 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, 2003 are not applicable to the Company.

ix) a) According to the information and explanations given to us, 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, custom 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, 2012 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 (₹ Million)	Period to which the amount relates	Forum where dispute is pending
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 during the 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 borrowed any amounts from banks, 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) According to the information and explanations given to us, the Company is not a chit fund or a nidhi/mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions. Therefore, the provision of clause 4 (xv) of the Companies (Auditor Report) Order, 2003 are not applicable to the Company.

xvi) The Company has not taken any term loan during the year 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 explanations given to us, no material 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 11, 2013

Balance Sheet as at 31st December 2012

(₹ Million)

Particulars	Note No.	As at 31st December 2012		As at 31st December 2011	
I. EQUITY AND LIABILITIES					
Share holders' funds					
a. Share capital	"3"	593.09		586.72	
b. Reserves and surplus	"4"	9,253.03		7,998.70	
			9,846.12		**8,585.42**
Share application money pending allotment	"3"		**0.38**		-
Non-current liabilities					
a. Deferred tax liabilities (net)	"5"	101.79		-	
b. Other Long term liabilities	"6"	76.23		122.97	
c. Long-term provisions	"7"	232.16		186.64	
			410.18		**309.61**
Current liabilities					
a. Trade payables		1,385.82		1,215.99	
b. Other current liabilities	"8"	847.70		1,398.45	
c. Short term provisions	"9"	633.91		890.59	
			2,867.43		**3,505.03**
Total			**13,124.11**		**12,400.06**
II. ASSETS					
Non-current assets					
a. Fixed assets	"10"				
i. Tangible assets		2,441.28		2,084.25	
ii. Intangible assets		70.98		40.26	
iii. Capital work-in-progress		756.76		798.67	
		3,269.02		2,923.18	
b. Non-current investments	"11"	2,010.02		2,069.67	
c. Long-term loans and advances	"12"	1,007.49		820.13	
d. Other non-current assets	"13"	163.38		651.83	
			6,449.91		**6,464.81**
Current assets					
a. Current Investments	"14"	2,349.83		228.77	
b. Trade receivables	"15"	2,521.07		1,964.29	
c. Cash and cash equivalents	"16"	1,103.17		2,907.29	
d. Short-term loans and advances	"17"	598.17		625.72	
e. Other current assets	"18"	101.96		209.18	
			6,674.20		**5,935.25**
Total			**13,124.11**		**12,400.06**
III. NOTES FORMING PART OF FINANCIAL STATEMENTS	"1 to 41"				

In terms of our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants

R. D. Kamat
Partner

Place : Mumbai
Date : February 11, 2013

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)

Abhay Havaldar
(Director)

S. K. Mitra
(Director)

Ashish Dhawan
(Director)

Rajesh Kanani
(Acting Chief Financial Officer)

Gunjan Methi
(Company Secretary)

Statement of Profit and Loss for the year ended 31st December 2012

(₹ Million)

Particulars		Note No.	For the year ended 31st December 2012		For the year ended 31st December 2011	
I.	**INCOME**					
a.	Revenue from operations		9,124.74		6,785.80	
b.	Other income	"19"	458.52		449.37	
				9,583.26		**7,235.17**
II.	**EXPENSES**					
a.	Software and development expenses	"20"	583.60		607.00	
b.	Employee benefits expenses	"21"	4,328.83		3,335.34	
c.	Operation and other expenses	"22"	917.06		778.73	
d.	Exchange rate difference (net)		71.13		(233.31)	
e.	Finance costs	"23"	1.05		14.40	
f.	Depreciation and amortisation expenses	"10"	269.45		188.97	
				6,171.12		**4,691.13**
	PROFIT BEFORE TAX			**3,412.14**		**2,544.04**
	Tax expense					
a.	Income tax - Current (includes prior year ₹ 22.31 million (₹ Nil))		576.27		493.95	
b.	Less : MAT credit entitlement		(121.95)		(269.72)	
c.	Net current tax expense		454.32		224.23	
d.	Income tax - Deferred		101.79		-	
				556.11		**224.23**
	PROFIT FOR THE YEAR			**2,856.03**		**2,319.81**
	Earnings per share (in ₹)	"30"				
	Basic			9.66		7.94
	Diluted			9.50		7.75
	Face value of equity share (in ₹)			2.00		2.00
III.	**NOTES FORMING PART OF FINANCIAL STATEMENTS**	"1 to 41"				

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)

Abhay Havaldar
(Director)

S. K. Mitra
(Director)

Ashish Dhawan
(Director)

Rajesh Kanani
(Acting Chief Financial Officer)

Gunjan Methi
(Company Secretary)

Place : Mumbai
Date : February 11, 2013

Cash Flow Statement for the year ended 31st December 2012

(₹ Million)

Particulars	For the year ended 31st December' 12	For the year ended 31st December'11
A Cash flow from operating activities		
Net Profit before tax	3,412.14	2,544.04
Adjustments for :		
Depreciation and amortization	269.45	188.97
Employees share based payment cost	0.73	2.24
Dividend from current investments	(59.31)	(74.99)
Dividend from subsidiary company	(46.67)	-
Interest income	(265.20)	(305.92)
Provision for doubtful accounts (net)	(5.40)	(102.91)
Loss on sale of investments (net)	1.42	0.39
Bad Debts written off	6.73	101.51
Deferred cancellation (loss) relating to roll-over cash flow hedges	(248.70)	(244.93)
Profit on sale of fixed assets (net)	(0.47)	(1.24)
Interest expense	1.05	14.40
Exchange rate difference	(1.14)	83.75
Operating Profit before working capital changes	**3,064.63**	**2,205.31**
Adjustments for :		
Trade and other receivables	(387.27)	(1,302.02)
Trade and other payables	(10.86)	788.16
Cash generated from operations	**2,666.50**	**1,691.45**
Direct taxes paid	(695.43)	(471.59)
Net cash from operating activities	**1,971.07**	**1,219.86**
B Cash flow from investing activities		
Purchase of fixed assets	(675.52)	(603.69)
Proceeds from reduction of trade investment	64.23	-
Purchase of other investments	(14,066.42)	(12,328.55)
Interest received (net of tax ₹ 52.15 million (₹ 61.15 million)	302.99	200.98
Purchase of trade investment	(4.58)	-
Proceeds from sale / redemption of investments	11,943.94	12,470.94
Dividend from subsidiary company (net of tax ₹ 9.33 million (₹ Nil))	37.34	-
Dividend from current investments	59.31	74.99
Proceeds from sale of fixed assets	1.62	2.76
Net cash used in investing activities	**(2,337.09)**	**(182.57)**
C Cash flow from financing activities		
Proceeds from issue of shares	59.82	38.40
Share application money received / (adjusted)	0.38	(1.09)
Interest paid	(1.05)	(14.40)
Dividend paid (including corporate dividend tax)	(1,955.89)	(1,258.08)
Proceeds from loan (short term)	-	1,125.41
Repayment of loan (short term)	-	(1,210.96)
Net cash used in financing activities	**(1,896.74)**	**(1,320.72)**
Net Decrease in cash and cash equivalents	**(2,262.76)**	**(283.43)**
Cash and cash equivalents at the beginning of the year	**3,363.31**	**3,646.74**
Cash and cash equivalents at the end of the year (Refer note no. 1 below)	**1,100.55**	**3,363.31**
Notes:		
1 Components of cash and cash equivalents comprise the following :		
(Refer note no. 16 of notes forming part of financial statements)		
Cash and Bank Balances	742.61	2,402.97
Add : Other deposits	507.50	1,107.50
Less : Unrealised gain on foreign currency cash and cash equivalents	2.62	1.48
Less : Restricted bank balances	146.94	145.68
Total Cash and Cash equivalents	**1,100.55**	**3,363.31**
2 Purchase of Fixed Assets (including movements in Capital work in progress) are considered as a part of investing activities.		
3 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

Place : Mumbai
Date : February 11, 2013

For and on behalf of the Board

Atul K. Nishar
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Rajesh Kanani
(Acting Chief Financial Officer)

Gunjan Methi
(Company Secretary)

Notes forming part of Financial Statements

1. Background

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

2. Significant Accounting Policies

a) Basis of Preparation of Financial Statements

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

b) Use of Estimates

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

c) Revenue Recognition

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

Dividend income is recognised when right to receive is established.

Interest Income is recognised on time proportion basis.

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

d) Fixed Assets

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

e) 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	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

f) 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.

g) Foreign Currency Transaction / Translation

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

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

Foreign Branches

In respect of the foreign branches, being integral foreign operations, all revenues and expenses (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 Statement of Profit and Loss.

h) Derivative instruments and hedge accounting

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

i) Employee Benefits

i. 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, 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 Statement of Profit and Loss for the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight line basis over the average period until the benefits become vested. The retirement benefit liability recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the lower of the amount determined as the defined benefit liability and the present value of available refunds and /or reduction in future contributions to the scheme.

ii. Short term employee benefits

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

j) 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.

k) Leases

i. Finance Lease

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

ii. Operating Leases

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

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

l) Taxes on Income

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

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

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

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

m) Impairment of assets

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

n) 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.

o) Provisions, Contingent Liabilities and Contingent assets

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

p) Cash and Cash Equivalents

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

3. Share Capital

(₹ Million)

Particulars	As at 31st December 2012	As at 31st December 2011
A. Authorised		
325,000,000 Equity Shares of ₹ 2/- each	650.00	650.00
1,100,000 Series "A" Preference shares of ₹ 1421/- each (Authorised Preference share capital can be either cumulative or non cumulative with a power to the Company to convert the same into equity shares at any time)	1,563.10	1,563.10
	2213.10	**2213.10**
B. Issued, subscribed and paid -up capital		
Equity shares of ₹ 2/- each fully paid	593.09	586.72
Total	**593.09**	**586.72**

Particulars	As at 31st December 2012		As at 31st December 2011	
	Numbers	Amount	Numbers	Amount
C. Reconciliation of number of shares				
Shares outstanding at the beginning of the year	293,358,428	586.72	145,200,980	290.40
Shares issued during the year	3,186,363	6.37	148,157,448	296.32
Shares outstanding at the end of the year	296,544,791	593.09	293,358,428	586.72

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

Name of Shareholder	As at 31st December 2012		As at 31st December 2011	
	Nos. of Shares held	% of holding	Nos. of Shares held	% of holding
i. Elder Infosytems Pvt Ltd (Formerly Elder Hides and Leather Pvt Ltd)	52,154,456	17.59	52,154,456	17.78
ii. Elder Venture LLP	30,030,000	10.13	29,250,000	9.97
iii. Dali Limited	28,627,294	9.65	28,627,294	9.76
iv. GA Global Investments Ltd	21,139,580	7.13	21,139,580	7.21
v. JP Morgan Chase Bank, NA (unregistered ADR's held by GA Global Investments Ltd)	21,111,400	7.12	21,111,400	7.20
vi. FID Funds (Mauritius) Limited	-	-	25,961,668	8.85

E. Shares alloted as fully paid up by way of bonus shares during five years preceding the year end

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

F. Rights, preferences and restrictions attached to equity shares

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

G. Shares reserved for issue under options

The Company has granted employee stock options under ESOP 2002, 2007 and 2008 scheme. Each option entitles the holder to one equity share of ₹ 2 each. 6,452,576 options were outstanding as on 31st December 2012 (Refer note no. 26)

H. Share application money

As at 31 December 2012, the Company has received an amount of ₹ 0.38 million on exercise of ESOP's by employees in respect of 30,193 equity shares at a premium of ₹ 10.45 per share. Shares are being allotted subsequent to the year end. The Company has sufficient authorised capital to cover the allotment of these shares.

I. The Board of Directors, at its meeting held on 11th February, 2013 has recommended a final dividend of ₹ 1.20/- per equity share.

4. Reserve and Surplus

(₹ Million)

Particulars	As at 31st December 2012	As at 31st December 2011
A. Securities premium account		
Opening balance	4,521.83	4,773.61
Add : Received during the year	53.45	33.17
Add : Transfer from employee stock option outstanding	3.46	6.14
Less : Transfer to share capital account consequent to issue of bonus shares	-	291.09
Closing balance	4,578.74	4,521.83
B. Employee stock options outstanding		
Opening balance	8.32	15.79
Less : Reversal on forfeiture of stock options granted	0.45	1.33
Less : Transfer to securities premium account on exercise of stock options	3.46	6.14
	4.41	8.32
Less : Deferred employee compensation expenses	0.26	1.44
Closing balance	4.15	6.88
C. General reserve		
Opening balance	1,242.87	942.87
Add : Transfer from statement of profit and loss	300.00	300.00
Closing balance	1,542.87	1,242.87
D. Hedging reserve		
Opening balance	(904.93)	249.79
Add : Losses / (Gains) transferred to statement of profit and loss on occurrence of forecasted hedge transaction	570.75	(70.81)
Add : Changes in the fair value of the effective portion of outstanding cash flow hedges	(363.44)	(1,083.91)
Closing balance	(697.62)	(904.93)
E. Amalgamation reserve	2.88	2.88
F. Balance in statement of profit and Loss		
Opening balance	3,129.17	2,471.69
Add : Profit for the year	2,856.03	2,319.81
	5,985.20	4,791.50
Less : Appropriations		
Interim dividend - equity	1,247.27	732.81
Proposed final dividend - equity	355.85	440.04
Tax on dividend	260.07	189.48
Transfer to general reserve	300.00	300.00
Closing balance	3,822.01	3,129.17
Total	**9,253.03**	**7,998.70**

5. Deferred Tax Liabilities

(₹ Million)

Particulars	As at 31st December 2012	As at 31st December 2011
Deferred Tax Liabillities		
a. Depreciation	77.75	-
b. Deferred Cancellation loss relating to roll-over of Cash flow hedges	86.18	-
Less: Deferred Tax Asset		
c. Employee Benefits	38.52	-
d. Provision Others	23.62	-
Total	**101.79**	**-***

* Net deferred tax asset has not been recognised as on 31st December 2011 considering the requirements of Accounting Standard (AS 22) relating to reasonable /virtual certainty

6. Other Long Term Liabilities

(₹ Million)

Particulars	As at 31st December 2012	As at 31st December 2011
a. Deposit received for leased premises	-	9.00
b. Capital creditors	16.49	-
c. Liability for mark to market lossess on derivative contracts	59.74	113.97
Total	**76.23**	**122.97**

7. Long Term Provisions

(₹ Million)

Particulars	As at 31st December 2012	As at 31st December 2011
For employee benefits	232.16	186.64
Total	**232.16**	**186.64**

8. Other Current Liabilities

(₹ Million)

Particulars	As at 31st December 2012	As at 31st December 2011
a. Unearned revenues	28.67	43.60
b. Equity share application money refundable	-	0.29
c. Unclaimed dividend *	45.63	28.89
d. Other payables		
i. Employee related	148.92	113.21
ii. Statutory liabilities	111.32	85.60
iii. Deposit received for leased premises	28.32	19.32
iv. Capital creditors	121.07	180.72
v. For expenses	205.48	242.24
vi. For mark to market lossess on derivative contracts	158.29	684.58
Total	**847.70**	**1,398.45**

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

9. Short Term Provisions

(₹ Million)

Particulars	As at 31st December 2012	As at 31st December 2011
a. For employee benefits	39.58	41.69
b. Proposed dividend	355.85	440.04
c. Tax on proposed dividend	57.73	71.39
d. For tax (net of advance tax)	10.93	58.01
e. Others (Refer note no. 34)	169.82	279.46
Total	**633.91**	**890.59**

10. Fixed Assets

(₹ Million)

Particulars	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
	As at 01.01.2012	Additions	Deductions / Adjustments	As at 31.12.2012	As at 01.01.2012	For The Year	Deductions / Adjustments	As at 31.12.2012	As at 31.12.2012	As at 31.12.2011
i) Tangible assets										
Land- Freehold	0.15	-	-	0.15	-	-	-	-	0.15	0.15
Land- Leasehold	330.44	-	-	330.44	17.08	3.44	-	20.52	309.92	313.36
Buildings	1,246.61	220.16	-	1,466.77	59.49	22.54	-	82.03	1,384.74	1,187.12
Plant and Machinery	887.55	182.47	3.42	1,066.60	643.15	96.52	3.38	736.29	330.31	244.40
Office Equipments	415.52	103.16	1.07	517.61	197.32	78.81	0.99	275.14	242.47	218.20
Furniture and Fixtures	344.79	85.55	(0.29)	430.63	226.00	32.04	(1.33)	259.37	171.26	118.79
Vehicles	28.60	0.97	1.17	28.40	26.37	0.77	1.17	25.97	2.43	2.23
Improvements to Leased premises	2.67	-	2.67	-	2.67	-	2.67	-	-	-
Total	**3,256.33**	**592.31**	**8.04**	**3,840.60**	**1,172.08**	**234.12**	**6.88**	**1,399.32**	**2,441.28**	**2,084.25**
Previous Year	2,514.62	833.40	91.69	3,256.33	1,091.64	170.61	90.17	1,172.08	2,084.25	
ii) Intangible assets										
Software	109.83	66.05	(0.86)	176.74	69.57	35.33	(0.86)	105.76	70.98	40.26
Total	**109.83**	**66.05**	**(0.86)**	**176.74**	**69.57**	**35.33**	**(0.86)**	**105.76**	**70.98**	**40.26**
Previous Year	82.47	27.36	-	109.83	51.21	18.36	-	69.57	40.26	
iii) Capital work-in- progress (In respect of building under construction)				**756.76**					**756.76**	**798.67**
Grand Total	**3,366.16**	**658.36**	**7.18**	**4,774.10**	**1,241.65**	**269.45**	**6.02**	**1,505.08**	**3,269.02**	**2,923.18**

Notes:

a) Land - Leasehold includes ₹ 285.32 million and ₹ 17.12 million (Previous Year ₹ 14.10 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.

b) Plant and machinery includes Computer systems.

11. Non-Current Investments

(₹ Million)

Particulars	As at 31st December 2012	As at 31st December 2011
Trade investments (unquoted) (at cost) - in subsidiary companies		
a. 30,026 common stock at no par value in Hexaware Technologies Inc., U.S.A.	1,632.68	1,632.68
b. 2,167,000 (3,067,000) shares of 1 GBP each fully paid up in Hexaware Technologies UK Ltd.	154.64	218.87
c. 500,000 shares of Singapore $ 1/- each fully paid up in Hexaware Technologies Asia Pacific Pte. Ltd., Singapore	12.48	12.48
d. 3,618 shares of face value 50 euro each fully paid up in Hexaware Technologies Gmbh., Germany	7.57	7.57
e. 1 common stock at no par value in Hexaware Technologies Canada Limited, Canada	0.73	0.73
f. 11,780,000 shares of ₹ 10/- each fully paid up in Caliber Point Business Solutions Limited	158.92	158.92
g. 1,000,000 shares of ₹ 10/- each fully paid up in Risk Technology International Limited	8.50	8.50
h. 1 participation share of no par value in Hexaware Technologies (Mexico) S De R.L. De C.V.	29.42	29.42
i. 50,000 shares of ₹ 10/- each fully paid up in Rampran Infotech Limited	0.50	0.50
	2,005.44	2,069.67
Trade investments (unquoted) (at cost) - in others		
240,958 (Nil) equity shares of ₹ 10/- each in Beta Wind Farm Pvt.Ltd.	4.58	-
	4.58	-
Total	**2,010.02**	**2,069.67**
Aggregate value of unquoted investments	2,010.02	2,069.67

12. Long Term Loans and Advances (Unsecured)

(₹ Million)

Particulars	As at 31st December 2012	As at 31st December 2011
Considered good		
a. Capital Advances	12.54	14.71
b. Security Deposits	39.12	47.36
c. Loans and advances to related parties (Refer note no.28)	-	82.50
d. Advance Income Tax and Fringe Benefit Tax (net of provision for tax)	265.70	132.12
e. MAT Credit Entitlement	648.61	526.66
f. Other Loans and advances	41.52	16.78
Total	**1,007.49**	**820.13**

13. Other Non-Current Assets

(₹ Million)

Particulars	As at 31st December 2012	As at 31st December 2011
a. Interest accrued on deposits	8.17	1.10
b. Unbilled services	8.27	47.55
c. Non current bank balances		
i. Restricted bank balances	146.94	145.68
ii. Bank deposit accounts with more than 12 months maturity from the date of balance sheet	-	457.50
Total	**163.38**	**651.83**

14. Current Investments

(₹ Million)

Particulars	No. of Units	As at 31st December 2012	No. of Units	As at 31st December 2011
Investment in mutual funds (Unit of ₹ 10/- each, unless otherwise stated) (Unquoted) (At cost or fair value whichever is lower)				
a. Birla Sun Life Dynamic Bond Fund - Retail Plan - Monthly Dividend	23,917,490	252.54	-	-
b. Birla Sun life floating Rate Fund-STP-IP- Daily Dividend Reinvestment (Face value ₹ 100/-)	2,274,946	227.54	-	-
c. DSP Blackrock Liquidity Fund-Institutional Plan-Daily Dividend (Face value ₹ 1000/-)	50,028	50.04	-	-
d. HDFC Short Term Opportunity Fund - Dividend Reinvest	25,182,075	252.85	-	-
e. ICICI Prudential Blended Plan B Daily Dividend Option	31,105,418	311.79	-	-
f. Kotak Floater Short Term - Daily Dividend	30,530,679	308.85	-	-
g. Sundaram Money Fund Regular Daily Dividend	19,814,869	200.04	-	-
h. Sundaram Ultra ST Fund Super Inst Daily Div reinvestment	19,694,059	197.67	-	-
i. Templeton India Ultra Short Term Bond Fund Super Institutional Plan-Daily Dividend Reinvestment	32,022,111	320.77	-	-
j. Templeton India Treasury Management Account Super Institutional Plan (Face value ₹ 1000/-)	227,590	227.74	-	-
k. DWS Ultra Short Term Fund - Institutional Daily Dividend Reinvest	-	-	10,075,460	100.94
l. Reliance Liquid Fund - Treasury Plan - Institutional Option - Daily Dividend	-	-	3,284,688	50.21
m. Tata Money Market Fund Institutional Plan - Daily Dividend	-	-	2,504,343	25.08
n. UTI Money Market Fund-Institutional Daily Dividend Reinvest (Face value ₹ 1000/-)	-	-	52,367	52.54
Total		**2,349.83**		**228.77**
Aggregate value of unquoted investments.		2,349.83		228.77

15. Trade Receivables (Unsecured)

(₹ Million)

Particulars	As at 31st December 2012		As at 31st December 2011	
a. Over six months from the due date				
Considered good	0.29		0.99	
Considered doubtful	1.05		0.76	
	1.34		1.75	
Less: Provision for doubtful accounts	(1.05)		(0.76)	
		0.29		0.99
b. Others				
Considered good	2,520.78		1,963.30	
Considered doubtful	1.52		2.45	
	2,522.30		1,965.75	
Less: Provision for doubtful accounts	(1.52)		(2.45)	
		2,520.78		1,963.30
Total		**2,521.07**		**1,964.29**

16. Cash and Cash Equivalents

(₹ Million)

Particulars	As at 31st December 2012		As at 31st December 2011	
a. Balances with bank				
i. In current accounts	161.12		92.20	
ii. Remittance in transit	60.70		-	
iii. Bank deposits accounts with less than 3 months maturity	23.85		40.09	
		245.67		132.29
b. Other bank balances				
i. Earmarked balances with banks	99.50		107.00	
ii. Unclaimed dividend accounts	40.96		29.37	
iii. Margin money	6.48		9.31	
iv. Bank deposit accounts with more than 12 months maturity	350.00		2,125.00	
		496.94		2,270.68
Total balances with bank		742.61		2,402.97
c. "AAA" rated demand deposits with financial institution		507.50		1,107.50
d. Less : Bank balances reclassifed as non current assets				
i. Restricted bank balances	(146.94)		(145.68)	
ii. Bank deposit accounts with more than 12 months maturity from the date of balance sheet	-		(457.50)	
		(146.94)		(603.18)
Total		**1,103.17**		**2,907.29**

17. Short Term Loans and Advances (Unsecured)

(₹ Million)

Particulars	As at 31st December 2012		As at 31st December 2011	
a. Considered good				
i. Security deposits	79.37		124.68	
ii. Loan and advance to related parties (Refer note no. 28)	203.04		258.60	
iii. Other loans and advances (included services tax receivable, prepaid expenses and employee advances)	315.76		242.44	
		598.17		625.72
b. Considered doubtful				
i. Other loan and advances	33.23		38.01	
ii. Less : provision for doubtful deposits / advance	(33.23)		(38.01)	
		-		-
Total		**598.17**		**625.72**

18. Other Current Assets

(₹ Million)

Particulars	As at 31st December 2012	As at 31st December 2011
a. Interest accrued on deposits	49.56	146.57
b. Unbilled services	52.40	62.61
Total	**101.96**	**209.18**

19. Other Income

(₹ Million)

Particulars	For the year ended 31st December 2012	For the year ended 31st December 2011
a. Dividend from current investments	59.31	74.99
b. Dividend from subsidiary company	46.67	-
c. Loss on sale / diminution in value of current investments (net)	(1.42)	(0.39)
d. Interest income	265.20	305.92
e. Profit on sale of fixed assets (net)	0.47	1.24
f. Rental income	70.82	56.72
g. Miscellaneous income	17.47	10.89
Total	**458.52**	**449.37**

20. Software and Development Expenses

(₹ Million)

Particulars	For the year ended 31st December 2012	For the year ended 31st December 2011
a. Consultant travel and related expenses	237.71	202.35
b. Software expenses*	345.89	404.65
Total	**583.60**	**607.00**
* includes subcontracting charges	198.33	223.17

21. Employee Benefits Expenses

(₹ Million)

Particulars	For the year ended 31st December 2012	For the year ended 31st December 2011
a. Salaries and allowances	3,933.95	3,038.92
b. Contribution to provident and other funds	261.12	203.55
c. Staff welfare expenses	133.03	90.63
d. Employee stock option compensation cost	0.73	2.24
Total	**4,328.83**	**3,335.34**

22. Operations and Other Expenses

(₹ Million)

Particulars	For the year ended 31st December 2012		For the year ended 31st December 2011	
a. Rent		98.65		123.93
b. Rates and taxes		28.36		12.76
c. Travelling and conveyance expenses		209.57		143.29
d. Electricity charges		141.94		107.54
e. Communication expenses		91.82		78.73
f. Repairs and maintenance				
i. Building	10.14		7.71	
ii. Plant and Machinery	54.01		32.90	
iii. Others	32.58		29.16	
		96.73		69.77
g. Printing and stationery		13.32		13.49
h. Auditors remuneration				
i. Audit Fees	4.80		2.50	
ii. Tax Audit Fees	1.20		0.90	
iii. Limited Review,Certification work, Taxation and other matter	2.74		5.32	
		8.74		8.72
i. Legal and professional fees		55.04		61.28
j. Advertisement and publicity		0.30		0.26
k. Seminar, conference and business promotion expenses		30.17		29.90
l. Bank and other charges		4.07		3.15
m. Directors' sitting fees		1.30		2.40
n. Insurance charges		18.08		14.89
o. Fixed assets written off		1.05		-
p. Bad debts / advances / investment written off (includes investments written off of ₹ Nil (₹ 21.73 million)) (net of write back ₹ 0.07 million (₹ 0.04 million))		6.73		101.51
q. Provision for doubtful accounts (net of write back ₹ 9.59 million (₹ 105.94 million) which includes reversal of provision for diminution in value of investments of ₹ Nil (₹ 21.73 million))		(5.40)		(102.91)
r. Staff recruitment expenses		27.81		36.03
s. Service charges		76.02		61.17
t. Miscellaneous expenses		12.76		12.82
Total		**917.06**		**778.73**

Note : Miscellaneous expenses includes stamp duty & filing fees, registrar and share transfer expenses, membership and subscription fees etc.

23. Finance Costs

(₹ Million)

Particulars	For the year ended 31st December 2012	For the year ended 31st December 2011
Interest others (Includes on working capital loan)	1.05	14.40
Total	**1.05**	**14.40**

24. Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances) ₹ 158.83 million (Previous year ₹ 264.17 million)

25. Contingent Liabilities in respect of Claims not acknowledged as debt to ₹ 28.14 million (Previous Year ₹ 28.14 million).

26. Share Based Compensation (ESOP)

a) 257,164 (555,280) Options is the balance outstanding as at 31st December 2012 and 2011 respectively under Hexaware Technologies Limited – Employee Stock Option ('ESOP – 2002') 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 and the term of option is seven years from the date of grant. 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 (d).

b) 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. 6,080,233 (9,166,324) Options is the balance outstanding as at 31st December 2012 and 2011 respectively 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 and the term of option is seven years from the date of grant. 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 10thSeptember 2014 (closing date). The particulars of options granted and lapsed under the Scheme are tabulated below under (d).

c) 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. 115,179 (178,680) Options is the balance outstanding as at 31st December 2012 and 2011 respectively 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 and the term of option is seven years from the date of grant. 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 23rd October 2015 (Closing date). The particulars of options granted and lapsed under the Scheme are tabulated below under (d).

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

Particulars	ESOP - 2002		ESOP - 2007		ESOP - 2008		Total	
	Options (nos.)	Weighted avg. ex. Price per share(₹)	Options (nos.)	Weighted avg. ex. Price per share (₹)	Options (nos.)	Weighted avg. ex. Price per share (₹)	Options (nos.)	Weighted avg. ex. Price per share (₹)
Outstanding as at the beginning of the year	555,280	12.48	9,166,324	30.85	178,680	28.83	9,900,284	29.78
	(851,118)	(13.00)	(9,494,308)	(14.24)	(689,644)	(31.59)	(11,035,070)	(15.23)
Granted during year	-	-	-	-	-	-	-	-
	-	-	(2,949,500)	(66.82)	-	-	(2,949,500)	(66.82)
Excercised during the year	213,738	12.49	2,909,124	19.05	63,501	27.35	3,186,363	18.78
	(239,838)	(12.50)	(2,542,144)	(11.78)	(174,486)	(31.27)	(2,956,468)	(12.99)
Lapsed during the year	84,378	12.45	176,967	38.68	-	-	261,345	30.21
	(56,000)	(20.31)	(735,340)	(26.64)	(336,478)	(33.22)	(1,127,818)	(28.29)
Outstanding as at the year end	257,164	12.48	6,080,233	36.26	115,179	29.65	6,452,576	35.20
	(555,280)	(12.48)	(9,166,324)	(30.85)	(178,680)	(28.83)	(9,900,284)	(29.78)
Excercisable as at the year end	100,000	12.45	1,510,112	31.84	742	5.00	1,610,854	30.62
	(72,200)	(12.45)	(1,309,084)	(16.83)	(550)	(5.00)	(1,381,834)	(16.60)

Previous year figures are given in brackets.

Notes:

(i) 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 scheme as at 31st December 2012:

Range of excercise price	As on 31st December 2012		As on 31st December 2011	
	Options	Weighted average remaining life	Options	Weighted average remaining life
5.00 - 13.30	3,423,703	39	6,188,284	51
30.70 - 42.85	610,500	53	918,500	63
51.98 - 79.85	2,418,373	64	2,793,500	76
Total	**6,452,576**		**9,900,284**	

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

(₹ Million)

Particulars	Year 2012	Year 2011
Balance at the beginning of the year	1.44	5.01
Less: Amortisation for the year	0.73	2.24
Less: Reversal due to forfeiture	0.45	1.33
Balance carried forward (refer note "4")	**0.26**	**1.44**

e) The Company has followed the Intrinsic Value-based method of accounting for stock options granted after 1st January 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 ₹ 38.03 million (Previous year lower by ₹ 48.99 million) and earnings per share as reported would be lower as indicated below:

Particulars	Year 2012	Year 2011
Basic Earnings per share		
As reported (in ₹)	9.66	7.94
Adjusted (in ₹)	9.54	7.77
Diluted Earnings per share		
As reported (in ₹)	9.50	7.75
Adjusted (in ₹)	9.37	7.59

The Company has adopted Black Scholes option pricing model to determine the fair value of stock options. There were no grants in 2012. The fair value of each option granted in 2011 is estimated on the date of grant based on the following assumptions:

Particulars	ESOP 2007
Dividend Yeild (%)	1.42 - 1.96
Expected Life (years)	4.00- 5.50
Risk free interest rate (%)	7.85 - 8.34
Volatility (%)	57.82 - 63.66

27. The Provision for current income tax is aggregate of the balance tax for three months ended 31st March 2012 based on the returned income for the year ended 31st March 2012 and the provision based on the taxable income for the remaining nine months up to 31st December 2012, the actual tax liability for which will be determined on the basis of the results for the year ending 31st March 2013.

28. Related party disclosures

The Company has entered into transactions with the following parties.

Name of the Related Parties	Country
Subsidiaries	
Hexaware Technologies Inc.	United States of America
Hexaware Technologies UK Ltd.	United Kingdom
Hexaware Technologies Asia Pacific Pte. Ltd.	Singapore
Hexaware Technologies GmbH.	Germany
Hexaware Technologies Canada Ltd.	Canada
Caliber Point Business Solutions Ltd.	India
FocusFrame Europe BV	Netherland
Hexaware Technologies, Mexico S. De. R.L. De. C.V.	Mexico
Risk Technology International Limited	India
Hexaware Technologies DO Brazil Ltd, Brazil #	Brazil
Rampran Infotech Ltd. *	India
Key Management Personnel (KMP)	
Mr. Atul K. Nishar – Chairman	
Mr. R. V. Ramanan – Executive Director and President Global Delivery	
Mr. P. R. Chandrasekar – Vice Chairman and CEO	
Others	
Hexaware Technologies Employee Stock Option Trust	

Held by nominees of Hexaware Technologies UK Ltd.
* Application made by Company to Registrar of Company to strike off its name .
Hexaware Technologies SRL, Argentina (wholly owned subsidiary) was closed on 10th February 2012

Transactions with parties are:

(₹ Million)

Particulars	Name of the Related party and Nature of Relationship	For the year ended 31st December 2012	For the year ended 31st December2011
Loans repaid during the year	Subsidiaries		
	Risk Technology International Limited	-	4.00
	Caliber Point Business Solutions Limited	82.50	-
Loans given during the year	Subsidiaries		
	Caliber Point Business Solutions Limited	-	82.50
Investment in equity			
Capital reduction in subsidiary	Hexaware Technologies UK Ltd.	64.23	-
Software and consultancy income	Subsidiaries		
	Hexaware Technologies Inc.	3,529.93	2,732.77
	Hexaware Technologies GmbH.	570.74	423.35
	Others	532.33	323.53
		4,633.00	3,479.65
Software and development expenses	Subsidiaries		
-Sub-contracting charges	Hexaware Technologies Inc.	133.34	205.83
	Others	14.31	10.78
		147.65	216.61
Interest and other income	Subsidiaries		
	Caliber Point Business Solutions Limited	4.14	-
	Others	-	0.20
		4.14	0.20

(₹ Million)

Particulars	Name of the Related party and Nature of Relationship	For the year ended 31st December 2012	For the year ended 31st December2011
Dividend income	Subsidiaries		
	Hexaware Technologies UK Ltd.	46.67	-
Reimbursement of cost to	Subsidiaries		
	Hexaware Technologies Inc.	11.43	-
	Hexaware Technologies UK Ltd.	19.30	40.09
	Hexaware Technologies Asia Pacific Pte Ltd.	18.37	35.05
	Others	0.12	6.19
		49.22	81.33
Receiving of services	Remuneration to Key Management Personnel		
	R.V. Ramanan	26.87	19.49
	Subsidiaries		
	Caliber Point Business Solutions Limited	4.70	4.72
Recovery of cost / advances from	Subsidiaries		
	Hexaware Technologies Inc.	351.57	302.57
	Hexaware Technologies UK Ltd.	80.90	-
	Others	26.15	58.79
		458.62	**361.36**

Outstanding balances with Subsidiaries

(₹ Million)

Particulars	As at 31st December 2012	As at 31st December 2011
Loans given	-	82.50
Investment in equity	2,005.44	2,069.67
Receivable towards software and consultancy income	1,640.42	1,239.98
Advances	203.04	258.60
Payable towards services and reimbursement of cost	1,221.09	1,073.54

29. 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 31st December 2012	Maximum amount outstanding during the year
Caliber Point Business Solutions Ltd	Wholly Owned Subsidiary	-	82.50
		(82.50)	(82.50)

Note :

1. Interest @ 7% per annum is charged on the above loan.
2. Loans to employee 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 bracket.

30. Earnings per Share (EPS)

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

Particulars	For the year ended 31st December 2012	For the year ended 31st December 2011
Net profit after tax (₹ million)	2,856.03	2,319.81
Weighted average outstanding equity shares considered for basic EPS (Nos.)	295,531,683	292,341,279
Basic Earnings per share (in ₹)	9.66	7.94
Weighted average outstanding equity shares considered for basic EPS (Nos.)	295,531,683	292,341,279
Add : Effect of dilutive issue of stock options (including share application money received on exercise of options) (Nos.)	5,253,564	7,018,987
Weighted average outstanding equity shares considered for diluted EPS (Nos.)	300,785,247	299,360,266
Diluted Earnings per share (in ₹)	9.50	7.75

31. Employee benefit plans

i) Provident Fund and Superannuation Fund

Both the employees and the Company make monthly contributions to the Provident Fund Plan equal to a specified percentage of the covered employee's salary. 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 employee Pension Fund. The interest rate payable by the Trust to the beneficiaries every year is being notified by the government. The Company has an obligation to make good the short fall, if any, between the return from the investments of the trust and the notified interest rate.The actuary has accordingly provided a valuation and based on the assumptions mentioned below, there is no shortfall as at 31st December 2012.

(₹ Million)

Particulars	As at 31st December 2012
Present value of benefit obligation	1,283.38
Fair value of plan assets	1,283.38
Expected Investment Return	9.13%
Remaining term of maturities	7.55 Years
Expected guaranted interest rates	8.25%

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 recognises 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 ₹ 177.21 million (Previous year ₹ 161.95 million) and ₹ 7.95 million(Previous year ₹ 4.65 million) respectively for the year ended 31st December 2012.

ii) Gratuity Plan

The Company makes annual contribution to the Employee's Group Gratuity Assurance Scheme, administered by the Life Insurance Corporation of India ('LIC'), a funded defined benefit plan for qualifying employees. The scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment based on completed 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 31st December 2012.

(₹ Million)

Particulars	Year 2012	Year 2011
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	**251.78**	**223.95**
Current Service Cost	55.69	48.92
Interest Cost	25.32	20.95
Actuarial losses / (gains)	3.35	(19.80)
Benefits paid	(12.68)	(22.24)
Closing Defined Benefit Obligation	**323.46**	**251.78**
Change in the Fair Value of Assets		
Opening Fair Value of Plan Assets	**154.08**	**143.95**
Expected Return on Plan Assets	13.42	12.77
Actuarial gains	1.75	0.61
Contribution by Employer	41.14	18.99
Benefits paid	(12.68)	(22.24)
Closing Fair Value of Plan Assets	**197.71**	**154.08**
Net Liability as per Actuarial Valuation	**125.75**	**97.70**
Expense for the year		
Current Service Cost	55.69	48.92
Interest on Defined Benefit Obligation	25.32	20.95
Expected Return on Plan Assets	(13.42)	(12.77)
Actuarial losses / (gains)	1.60	(20.41)
Total Included in Employment Expenses	**69.19**	**36.69**
Actual Return on Plan Assets	15.17	13.37
Category of Assets as on December 31, 2012 (Insurer Managed Fund)	**197.71**	**154.08**

Other details	31-Dec-12	31-Dec-11	31-Dec-10	31-Dec-09	31-Dec-08
Defined Benefit Obligation	323.46	251.78	223.95	195.08	197.85
Plan Assets	197.71	154.08	143.95	108.33	56.42
Surplus / (Deficit)	(125.75)	(97.70)	(80.00)	(86.75)	(141.43)
Experience Adjustment on Plan Liabilities	(17.82)	(4.20)	(18.36)	(19.00)	(28.20)
Experience Adjustment on Plan Assets	1.75	0.61	2.61	0.80	1.67

The Company is expected to contribute ₹ 50 million to gratuity fund for the year ended 31st December 2013.

Financial assumptions at the valuation date

Particulars	Year 2012	Year 2011
Discount rate	8.10%	8.55%
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 managed 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, the market value of assets is the cost value of assets and has been accordingly considered for the above disclosures.

32. 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 ₹ 33.83 million (Previous Year ₹ 41.98 million).

The future minimum lease payments and payment profile of the said leases are as follows:

(₹ Million)

Particulars	As at 31st December 2012	As at 31st December 2011
Not later than one year	37.89	40.02
Later than one year but not later than five years	156.22	47.40
Total	**194.11**	**87.42**

Non-cancellable rentals income recognised in the profit and loss account on account of leasing of premises is ₹ 18.52 million (Previous year ₹ 40.46 million).

Minimum lease income expected to be received in future are as follows :

(₹ Million)

Particulars	As at 31st December 2012	As at 31st December 2011
Not later than one year	-	18.52
Later than one year but not later than five years	-	12.83
Total	**-**	**31.35**

33. Derivative Instruments

a) The Company has following outstanding derivatives instruments:

(i) Forward exchange contracts to Sell USD 200.98 million and Sell Euro 13.96 million (Previous Year Sell USD 159.88 million and Sell Euro 9.39 million and Buy Euro 0.43 million).

(ii) Fair value (net loss) of the derivative instruments identified as cash flow hedges is ₹ 218.03 million (Previous Year of ₹ 798.55 million).

(iii) Net loss of ₹ 697.62 million recognized in Hedging Reserve 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 receivable foreign currency exposures that are not hedged by a derivative instrument or otherwise amounting to ₹ 417.85 million (Previous Year payable ₹ 58.03 million)

34. '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	As at 31st December 2012	As at 31st December 2011
Provision at the beginning of the year	279.46	259.22
Provision made during the year	8.35	49.79
Paid /adjusted during the year	117.99	29.55
Provision at the end of the year	**169.82**	**279.46**

35. CIF value of Imports

(₹ Million)

Particulars	For the year ended 31st December 2012	For the year ended 31st December 2011
Capital Goods	102.30	108.43

36. Expenditure in Foreign Currency (Including expenses in foreign branches)

(₹ Million)

Particulars	For the year ended 31st December 2012	For the year ended 31st December 2011
Foreign travelling expenses	54.07	33.95
Software expenses	362.92	440.78
Employment expenses	292.04	286.87
Rent	10.21	10.69
Business promotion, seminar and conference expenses	9.29	5.40
Legal and professional charges	15.18	22.60
Communication expenses	3.11	2.41
Foreign taxes	0.89	1.65
Miscellaneous	8.64	9.94

37. 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 account). 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 - 2011 (Final Dividend - 2010)	Interim Dividend- Q1,12 (Interim Dividend- Q1,11)	Interim Dividend- Q2,12 (Interim Dividend- Q2,11)	Interim Dividend- Q3,12 (Interim Dividend- Q3,11)
Net amount remitted (₹ million)	3.36	3.41	3.44	2.65
	(1.23)	(0.92)	(1.83)	(1.94)
No. of shares by non resident shareholders	2,245,588	2,270,464	2,293,679	2,206,501
	(879,402)	(1,836,619)	(1,833,468)	(1,943,977)
Year to which dividend relates	2011	2012	2012	2012
	(2010)	(2011)	(2011)	(2011)
No. of non resident shareholders	685	723	743	801
	(601)	(649)	(656)	(675)

38. Earnings in foreign currency

(₹ Million)

Particulars	For the year ended 31st December 2012	For the year ended 31st December 2011
Income from software solutions and consulting services	8,871.15	6,564.61
Interest Income	0.20	0.24

39. There are no dues to micro and small enterprises under MSMED Act, 2006 as at year end.

40. 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 these stand-alone financial statements.

41. The Company has prepared the financial statements following Revised Schedule VI for the first time during the year. This has significantly impacted the disclosure and presentation made in the financial statements. Previous years figures have been regrouped / reclassified wherever necessary to correspond with the current years classification / disclosure.

In terms of our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants

R. D. Kamat
Partner

Place : Mumbai
Date : February 11, 2013

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)

Abhay Havaldar
(Director)

S. K. Mitra
(Director)

Ashish Dhawan
(Director)

Rajesh Kanani
(Acting Chief Financial Officer)

Gunjan Methi
(Company Secretary)

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Hexaware TECHNOLOGIES
YOUR SUCCESS IS OUR FOCUS

HEXAWARE TECHNOLOGIES LIMITED

Registered Office: 152, Millennium Business Park, Sector III, 'A' Block, TTC Industrial Area,
Mahape, Navi Mumbai – 400 710

PROXY FORM

REGD. FOLIO NO.	
DP ID	
CLIENT ID	
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 Twentieth Annual General Meeting of the Members of Hexaware Technologies Limited to be held on Tuesday, the 30th day of April, 2013 at 4.00 p.m. at Walchand Hirachand Hall (4th Floor), LNM IMC Building Trust, IMC Building, IMC Marg, Churchgate, Mumbai – 400 020 and at any adjournment thereof.

Signed this ______________ day of ______________, 2013

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

REGD. FOLIO NO.	
DP ID	
CLIENT ID	
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 Twentieth Annual General Meeting of the Members of Hexaware Technologies Limited held on Tuesday, the 30th day of April, 2013 at 4.00 p.m. at Walchand Hirachand Hall (4th Floor), LNM IMC Building Trust, IMC Building, IMC Marg, Churchgate, Mumbai – 400 020 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

Diwali at Hexaware

Registered Office

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Mahape, Navi Mumbai - 400 710
Tel.: +91 22 4159 9595
Fax: +91 22 4159 9500

Women's Day at Chennai

Kite flying competition

Statutory Auditors

Deloitte Haskins & Sells
Chartered Accountants, Mumbai

Internal Auditors

KPMG, Mumbai

Registrar & Share Transfer Agent

Sharepro Services (I) Pvt. Ltd.
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2nd floor, Near Sakinaka Telephone Exchange
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Company Secretary

Ms. Gunjan Methi

Christmas celebrations at Mumbai Campus

Dandiya Celebrations

Hexa Kids Day at Mumbai Campus

Hexaware
TECHNOLOGIES
YOUR SUCCESS IS OUR FOCUS

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