

Date: 25<sup>th</sup> April, 2017

To,  
The Manager Listing,  
**Bombay Stock Exchange Limited**  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Fort,  
Mumbai – 400 023

To,  
The Manager Listing,  
**National Stock Exchange of India Limited**  
Exchange Plaza,  
Plot no. C/1, G Block,  
Bandra-Kurla Complex  
Bandra (E), Mumbai - 400 051

Subject: Annual Report for the financial year ended December 31, 2016 pursuant to regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir / Madam,

Pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Regulations"), enclosed herewith please find Annual Report for the financial year ended December 31, 2016 approved and adopted by the members at the 24<sup>th</sup> Annual General Meeting held on April 24, 2017 at 4.00 pm at M. C. Ghia Hall, Bhogilal Hargovinddas Building, 18/20, K. Dubhash Marg, Behind Prince of Wales Museum/Kala Ghoda, Mumbai-400 001.

This is also being made available at the website of the Company i.e [www.hexaware.com](http://www.hexaware.com)

Thanking you,  
Yours faithfully,  
For **Hexaware Technologies Limited**

  
**Gunjan Methi**  
Company Secretary



2016  
ANNUAL   
REPORT

> Shrink IT <  
<< Grow Digital >>



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At Hexaware, aligned with our innovation strategy to build, partner and integrate, we brought new architectures to the market for automation, cloud computing, robotics-led automation and digital transformation.

Anchored on our philosophy of 'Shrink IT, Grow Digital', we made bold moves to help our customers capitalize on the dynamic changes in the market, helping them in their journey to yield the maximum benefits in a digitalizing world.



## Board of Directors



Atul K. Nishar



P. R. Chandrasekar



R. Srikrishna



Dileep C. Choksi



Kosmas Kalliarekos



Basab Pradhan



Christian Oecking



Jimmy Mahtani



Bharat D. Shah



Meera Shankar

## The management team



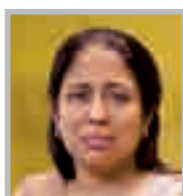
**R. Srikrishna**  
Chief Executive  
Officer



**Ashok Harris**  
President – Global  
Delivery



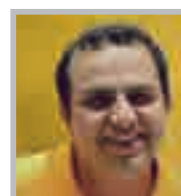
**Rajesh Kanani**  
Chief Financial Officer



**Amberin Memon**  
Chief People Officer



**Vijay Iyer**  
Chief Sales Officer,  
Americas and Global  
Head – Travel and  
Transportation



**Amrinder Singh**  
Senior Vice President  
– Europe Operations



**Amalesh Mishra**  
Vice President,  
APMEA Operations



**Ravi  
Vaidyanathan**  
President & Global  
Head – Banking and  
Financial Services



**Vinod Chandran**  
President and Global  
Head – Infrastructure  
Management  
Services



**Chinmoy Banerjee**  
Ex. VP & Global  
Head – Hexaware  
Business Process  
Services



**Senthil  
Nayagam K.**  
Senior Vice President  
& Global Operations  
Head, ETS



**Milan Bhatt**  
SVP and Global Head  
– Healthcare and  
Insurance



**Srinivasan  
Panchapakesan**  
Sr VP & Global Head  
– Strategic Delivery



**Aparna Jairam**  
Chief Marketing  
Officer



**Aravind Kashyap**  
Senior Vice President  
& Global Head –  
Manufacturing and  
Consumer



**Krishna Kumar**  
Chief Technology  
Officer

## From the desk of the Chairman

*Dear shareholders,*

Enterprises are facing singular challenges and opportunities today. Challenges since their established business practices are being aggressively upset by new digital disruptors, opportunities since they have at their disposal tools and technologies to fundamentally reimagine the relationship with their customers, employees and suppliers. Hexaware is uniquely placed to help our clients on their digital journey, by transforming their customers' experiences and improving the efficiency of their business processes.

The journey to digital is a journey about data and analytics which places particular emphasis on the customer – how they interact with the enterprise and how they interact with the ecosystem that surrounds every enterprise. Effective engagement with customers requires keen insight into everything – from their needs and preferences to how they wish to connect.

One of the challenges to effectively satisfying customers is that they occupy an ever-changing environment. Their needs and wants can change seemingly without warning. Therefore,

an integrated digital enterprise is customer-aware at every level of the business. From the design of products and services to delivery to support, the customer-aware organization delivers information where and when it is needed to places where it can be used in near-real time, if not real time.

This means that digital enterprises must be nimble and they must have the infrastructure and culture to effectively manage data and insights. The capability to operate and act on analytics as a stimulus for change requires significant organizational flexibility, resilience and adaptability.

How can one embark on a truly transformational digital program?

The first rule in the book that is yet to be fully understood is to ensure that digital is not seen as just one more technology initiative but as a transformation that will impact business processes, stakeholder experiences and even the organization culture, if it has to be effective. The second idea, is to not address digital transformation as some sort of a magic bullet but to embrace a number of initiatives on the technology, process, culture and strategy fronts.

In cognizance of changing technology

patterns in the customer engagement arena, we predict that customer interactions will shift back into more natural forms such as voice. Digital assistants such as Siri, Alexa and Google Assistant will become part of a business service that provides a seamless user experience combining other modes such as chat bots and real agents. This will require integration across front end and back end systems underscored by our composable architecture principles and straight through processing approach.

Hence, a new chapter for IT engagements is unfolding at Hexaware, under which the Company is helping organizations reimagine their businesses, shrink IT costs, enhance business operations, accelerate digital business transformation and maximize returns using the 'Shrink IT Grow Digital' philosophy, for which we are one of the pioneers in the Indian IT industry.

We welcome you to be a part of our journey which is really the journey of a digitalizing business in which technology is the centerpiece.

With my very best wishes,

**Atul Nishar**

**A** new chapter for IT engagements is unfolding at Hexaware, under which the Company is helping organizations reimagine their businesses, shrink IT costs, enhance business operations, accelerate digital business transformation and maximize returns using the 'Shrink IT Grow Digital' philosophy, for which we are one of the pioneers in the Indian IT industry.



## CEO's statement

*Dear stakeholders,*

For the past two decades, legacy IT providers grown enormously on the back of labor arbitrage. That era is behind us.

The global IT landscape is undergoing substantial structural changes. These changes will persist for the next decade or more to yield new models of service delivery powered by automation, technology and platforms.

We, and the rest of the industry, have to change rapidly and pivot to this new model. A new set of winners will be created based on the companies that make this pivot the fastest. The changes needed are deep and wide. We need to eventually look more like a technology company, and less like an IT service company. We need a cultural revolution to enable each of our employees to think automation first.

We are happy to say that with the joint effort of our leadership and employees, we are well underway in this transformation journey. We have a long way to go, but have begun well.

### Shrink IT. Grow Digital.

The strategy that we introduced and explained last year has found uniform acceptance across a wide cross-section of customers, analysts and industry observers.

The fact that we delivered industry-leading growth in a challenging environment is a testament of the strength of our strategy.

The heart of Shrink IT is eliminating labor costs through automation. And automation is all about changing culture, and not about having the best new platform.

Hexaware is at the forefront of cultural transformation to 'Automation First' model. We spend an enormous

amount of time and effort in educating and inspiring our employees to participate in this automation and transformation journey. Consequently, in 2016, 40% of our employees participated in BrainBox, the company's crowdsourcing platform, with over 80% ideas implemented themed on automation. This has enabled the Company to achieve a client satisfaction score, on a scale of -100 to 100, of 66.2 in 2016, among the best in the industry.

More proudly, Hexaware has been identified the "Best IT Service Provider" in Europe and UK, as rated by a survey of 600 end-customers by Whitelane Research. The company has also been awarded for "Excellence in Customer Service" and honored as the "Outsourcing Organization of the Year" at the Golden Globe Tiger Awards held in Malaysia.



We also strengthened our leadership team to execute better on this strategy. Krishna Kumar joined us in Jan 2017 as the Chief Technology Officer – with a charter to create and lead the “digital” workforce of the Company. We have also added management at many other key roles in the Company.

Contribution to the societies and communities we live in continues to be an important goal for Hexaware. We are focused on a few important themes around which we want to concentrate our efforts and investments. In 2016, we piloted a few programs based on these themes and we were heartened by the outcomes. Thus, that we intend to accelerate these programs in 2017.

#### **FY2016 – a quarter by quarter review**

In the first quarter of 2016, Hexaware

reported a strong TCV booking worth \$36 million from new customers. Hexaware introduced the ‘Raise IT’ platform, a next-generation ITO service delivery system that allows customers to digitize their IT operations effortlessly. ‘Raise IT’ leverages cutting-edge AI, cognitive analytical engines, big data platforms coupled with robotic incident management to shake up the prevailing IT services framework. In the second quarter of 2016, a combination of right-sizing and automation allowed Hexaware to manage IT services for a multinational life sciences consulting firm to work on core business areas like clinical and informatics. Robotic automation transformed the payment investigation process of a large global bank. These wins bagged a TCV booking of \$20 million from new clients. The third quarter of 2016 saw TCV bookings worth \$42 million come in from new

**Hexaware has joined hands with elite players to boost its understanding of hyper-converged technologies, cloud computing, big data management and RPA (Robotic Process Automation).**

#### **The ‘Shrink IT’ strategy at work during the fiscal gone by:**

- Automation-led application management transformation for a global publisher and distributor of children’s books, printables and digital materials
- Automation-led optimisation of HR operations for one of the largest independent professional employers in North America
- Next-gen application modernisation and support for a

specialised payment products and services provider

- Automation-led service integration and management for one of the top-ten global steel companies
- Automation-led rendering of multi-year, multi-million dollar procurement, finance and HR services for a global logistics company





### The 'Grow Digital' strategy at work during the fiscal gone by:

- Enabled one of the top skincare products manufacturer to initiate and integrate their e-commerce platform with order-to-cash processes
- Migrated the application landscape of a facilities management and maintenance company to a hybrid cloud setup
- Bagged a multi-year multi-million digital transformation deal for one of the top-10 providers of prescription mail orders and specialty pharmacy services
- Inked a multi-year multi-million strategic HCM transformation deal for a leading pharma company

**T**he healthcare and insurance verticals emerged as happy hunting grounds for Hexaware during FY2016-17 on the back of its ability to provide industry-specific solutions that helped 'Shrink IT, Grow Digital'.

customers. In the fourth quarter, the Company's strategy helped four customers from top-three IOPs switch smoothly to more advanced platforms. The quarter saw TCV booking of \$55 million in new deals, placing full year at \$153 million for 2016, as opposed to \$120 million in 2015.

### Unlocking shareholders value

We work very hard to maximize shareholder value. Over the past 3 years we have distributed ₹846 crore as dividends including dividend tax i.e. ₹23.60 per share on the share of face value ₹2 each. In order to further unlock the values to the shareholders, we instituted buy-back program under which we have distributed further ₹137 crore in first quarter of 2017. Over past 10 years market capitalization has registered compounded annual growth rate of 20%.

I want to assure you that the leadership team, and every Hexawarian will continue to work very hard to become a highly differentiated, new-age service provider. If we do this well, we will create long-term sustainable growth in shareholder value.

Wishing you all the very best for the year ahead.

Warm regards,

**R. Srikrishna**

### About Hexaware

Hexaware is a leading global provider of IT, BPO and consulting services. The Company focuses on key domains such as banking, financial services, capital markets, healthcare, insurance, manufacturing, retail, education, telecom, travel, transportation and logistics. Hexaware is committed to deliver business results and leverage technology solutions by specializing in application development and maintenance, business intelligence and analytics, quality assurance and testing services, infrastructure management services, business process services and enterprise solutions.

### Our vision

We ensure customer satisfaction by adding value and honoring 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.

### Our mission

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

### Why Hexaware

For over 25 years, Hexaware has helped customers worldwide build networks and automate, orchestrate, integrate and digitize IT-based products and services. In an overarching relevance of its business model, in an increasingly connected world, Hexaware is helping transform businesses, cities, societies and communities around the world. In effect, Hexaware executes integrated solutions that span network, data center, cloud, security, collaboration, analytics and IoT for faster business transformation with reduced risk.

### Our niche

With an amalgamation of passion, innovation and customer-centricity, Hexaware has emerged as one of the fastest growing automation-led, cutting-edge providers of IT, BPO and consulting services. The Company is at the forefront of revolutionizing the traditional IT approach by addressing market discontinuities through a multi-pronged strategy comprising:

- Robotic process automation
- Hyper-converged technology
- Design thinking
- Rapid prototyping
- Customized service offerings

Together, this has enabled global companies to address various business challenges with speed, at lower costs and reduced risk.

What also makes Hexaware unique is its ability to modernize enterprises by transforming their underlying application infrastructure to a cloud-based 'composable enterprise model'. The Company's digital services focus on helping customers enhance their digital footprint to encompass the full stakeholder ecosystem – clients, employees and suppliers. Hexaware believes in enhancing service delivery using such cognitive aids as 'automate first, self-serve second, smart people last' and deploying empowered account managers for customized, personalized attention to clients.

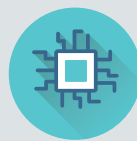
#### HEXAWARE PRESENCE



#### HEXAWARE MULTI-PRONGED STRATEGY



ROBOTIC PROCESS  
AUTOMATION



HYPER-CONVERGED  
TECHNOLOGY



DESIGN  
THINKING



RAPID  
PROTOTYPING



CUSTOMIZED  
SERVICE  
OFFERINGS



**In order to gain a significant advantage in the fast-paced world of automation, traditional IT service providers are focused on bringing forth large-scale cost benefits to demanding customers, whose technology budgets are on the decline.**

With a view to competently address this unfolding industry environment, Hexaware has embarked on its own transformation journey with the Company transitioning to emerge as an automation-led and technology-driven business enterprise. In a contrarian approach, with a view to break-away from the competition and create its own niche, Hexaware is not building the best platform but is using the best technology in the market, moving away from a proprietary automation platform.

Relevantly so, a new chapter for IT engagement is unfolding at Hexaware with the Company enabling organizations reimagine their businesses, shrink IT costs, augment business operations, accelerate digital business transformation and maximize returns, leveraging our pioneering 'Shrink IT, Grow Digital' ideology.

This overarching platform has been built to help eliminate commoditized IT, while transitioning customers to digital enterprises with capabilities such as

cloud, analytics, mobile and social. The Company believes that applications development and maintenance support, infrastructure management, testing and business process services can be automated through artificial intelligence platforms, robotics, etc. This not only eliminates labor costs but also enhances quality and compliance, reduces risk and ultimately frees-up the budget that could be leveraged instead to fund digital discovery and experimentation programs.

Essentially, Hexaware's Grow Digital service assists clients in their digital journey by modernizing applications and infrastructure landscape through the creation of a 'Composable Enterprise', using systems of differentiation, driving process orchestration and re-engineering.

Hexaware's Shrink IT approach has identified specific set of levers and its platform-centric approach to deliver ITO services for both application and infrastructure management services has helped enrich the quality of delivery and customer performance. On the other hand, our Grow Digital approach has helped in creating better engagement with clients which has led to new project wins from top customers and has ensured that the Company's offerings remain relevant in a fast-paced industry.

**> Shrink IT <**  
**<< Grow Digital >>**



### Our strategy

Aligned with our 'Shrink IT, Grow Digital' ideology, through a clear focus on embedding digital and automation, we have been helping clients shrink their budgets by up to 30% through application support and maintenance (ASM), testing, infrastructure management services (IMS) and business process outsourcing (BPO) services. This approach has enabled us to build better, smarter digital enterprises of the future. Transformed customer experiences and enhanced business results have been some key client benefits.

### Quick facts

Annual  
revenues,  
2016: USD  
525.55  
million

Net profit,  
2016: USD  
62.06 million

Number of  
employees:  
12,100+

Global  
offices: 30+

USD 1  
million+  
clients: 78

Number  
of active  
customers:  
220



Business units strategy and offerings in the areas of Shrink IT and Grow Digital

## Banking and Financial Services



The banking and financial services industry is operating in the 'new normal' today, dominated by ever-tightening regulations, digital banking, and multi-channel customer experiences. Succeeding in this environment requires industry players to strike a balance between operational optimization and digital transformation.

Hexaware offers comprehensive solutions across varied sectors like asset management, asset servicing, capital markets and retail and corporate banking. Differentiated services are offered through micro-sector specialization, a process driven approach, optimization of data management and digital solutions to enable clients to transform the way

business is done. Clients are enabled to customize, implement, integrate and test platforms like Eagle, Charles River and Aladdin, while also leveraging analytics to boost enterprise resilience, increase cross-selling opportunities and enhance customer value.

Differentiated IT offerings of digital managed services through robotics-led automation and integration solutions for Front, Middle and Back office systems are in-line with Shrink IT strategy. Next-gen Grow Digital offerings to help customers through their digitalization journey include client onboarding solutions, digital equity research platform with big data analytics, enterprise data management and client-centric lease management portals.

### Case study

Hexaware provided a 4-in-1 solution for a global investment management company enabling enhanced business process efficiencies, reduced costs and increased automation. Business-aligned solutions like RAISE IT platform were implemented to drastically reduce mean time to repair and manually-handled ticket volumes, thereby creating a robust agile operating model.



Business units strategy and offerings in the areas of Shrink IT and Grow Digital

## Healthcare And Insurance



With the very fundamentals of businesses experiencing digital disruption and transforming the market landscape, customer's need IT partners not focused on "business as usual" but helping them manage complex digital transformations.

Hexaware provides a suite of strategic solutions to address the major discontinuities in the healthcare and insurance industry, including healthcare providers, life science companies and insurance providers. To transform the underlying architecture for insurance clients, Hexaware is focused on enabling core system modernization by building a "composable enterprise" model. The pioneering offerings in healthcare include modernization of legacy

systems, optimization of revenue cycle management and unified population health management.

Lean warehouse management to help Shrink commodity IT for clients, the company also focusses on enhancing market share of clients with Grow Digital solutions of IoT integrated and patient engagement health management systems, analytics linked revenue cycle management, and end-to-end data management. Hexaware recently collaborated with Oracle to offer more choices for life insurance companies to standardize processes, reduce operational costs, drive speed-to-market, improve customer-centricity and address complex regulatory issues, in-line with its ongoing strategy.

### Case study

For a leading property & casualty insurer in Japan, Hexaware enabled digital transformation through the composable enterprise model. Leveraging existing investments in legacy systems, IT systems were re-configured, the business applications and services were integrated to ensure seamless on-boarding of business partners and e-brokers. This helped the client accelerate hits through smartphones/ tablets, call center cost reduction and create a unified omni-channel customer experience.



Business units strategy and offerings in the areas of Shrink IT and Grow Digital

## Travel and Transportation



**T**ravel & transportation industry is seen realizing the benefits of radical technological changes of the past decade. Hexaware offers domain products and services across airlines and airports, travel and hospitality and transportation and logistics. In an increasingly digitalized world, clients are demanding more personalized messages, customized promotions and are increasingly unpredictable towards the messages they respond to.

To create a truly personalized experience for the customer, Hexaware has the relevant experience and capability to effectively mine multiple streams of data from across organizations and integrate, harmonize and interpret that data instantaneously. With its innovation

centric solutions, the company is enabling industry players to realize greater revenue and bring in extra efficiency in their day-to-day operations.

Shrink IT, Grow Digital strategy is resonating well with the industry to innovate, digitalize and transform IT for enhancement of customer experience and simplification of business processes. This sustainable competitive advantage is created through Bi-Modal ASM, robotic process automation in apps in-line with Shrink IT, complemented with Grow Digital offerings of Digital MRO suite through augmented reality, cloud computing, big data; next-gen mobile applications, and paperless, timely electronic exchange for air cargo partners.

### Case study

Through automation-led transformation tapping multi BOT-enabled disruptive model digital verification-as-a-service (DVaaS) were implemented for the world's largest screening provider. This enabled the client to increase their end-customer base, address stringent global compliances and policies, and offer consistent performance.



Business units strategy and offerings in the areas of Shrink IT and Grow Digital

## Manufacturing and Consumer



**M**anufacturing and Consumer vertical offers deep domain knowledge and experienced practitioners across various industry segments discrete manufacturing, hi-tech, engineering and construction, retail, education and telecom.

While the manufacturing industry has found itself riding on the fourth wave of transformation, often also referred to as Industry 4.0., the retail industry is going through massive digital disruption. Hexaware offerings are aligned with technologies of big data and analytics, industrial internet of things and cloud to transform these industries digitally and enhance the customer experience. The company also serves education customers

in areas of lifelong learning, K-12 schools, online learning providers, distance education institutions and retail education.

In order to reshape, redefine and reinvent customers for their growth, Hexaware Grow Digital offerings include enhancing overall asset effectiveness through sensor data and analytics, store digitalization to improve customer intimacy and digital learner suite. To improve business efficiency, the company focusses on shrinking commodity IT costs through application modernization for back and front office transformation, infrastructure maintenance and asset performance management.

### Case study

A leading European telecom provider with over 14 million customers wanted to develop a cost competitive delivery setup, while delivering world class customer service experience. Hexaware implemented robotics-led automation processes in a nine-month relationship, enabling the customer to achieve significant cost reduction.



## Customer testimonials



"Our first pay run in the UK and Ireland has been a great success, including reporting and G/L posting. Your team worked tirelessly to ensure that they could deliver against the challenging timelines that we had to work against. I would like to say a big thank you for all your hard work and commitment for making this project such a success."

*A leading UK electronics retailer*



"The quality has been exceptional; from my experiences, changes and bugs are often a large time commitment and this has been minimal. Last, the people from Hexaware, offshore and on-site, are very personable and easy to work with. I think this speaks highly to your processes."

*A large US passenger airline (a top-10 client)*



"We appreciate the drive that Hexaware has demonstrated and the guidance that was provided to our team. The commitment to stick to the project schedule was exemplary. The style of working of the people reflects Hexaware's mission."

*A leading APAC iron casting manufacturer*



"We were able to leverage Hexaware's best practices and proven methodologies. It has been a rewarding experience. We strongly recommend Hexaware as a strategic outsourcing partner for any organization."

*A leading HR services provider*



## Our timeline – Focused on building the next-generation technology company

### 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

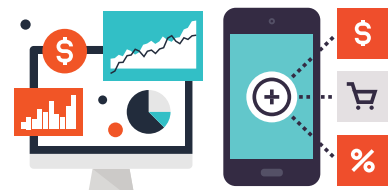
- Presented the CI100 Ingenious award by IDG at the fourth annual CI100 Symposium

### 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 prestigious USD 250 mn contract (largest for the Company till date)
- Signs a USD 177 mn contract
- Wins the Golden Peacock Award for Excellence in Corporate Governance





## 2012

- Signs a multi-million dollar, multi-year deal with a new customer 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 (software as service) 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

## 2013

- Hexaware opens delivery centre in Singapore
- Wins large IT+BP multi-million dollar deal from a logistics major in the APAC
- Wins the 'Application Partner of the Year 2013' award from HCM Cloud (Asia Pacific)
- Wins 'Top-100' CISO award
- Listed among Asia's '200 Best Under a Billion' on Forbes
- Won Plaque for the best presented financial statements for year 2012 from ICAI

## 2014

- Achieves SEI CMMI – Level 5 for DEV 1.3 and SVC 1.3
- Launch of the HCM service offering
- Wins Plaque for the best presented financial statements for year 2013 from ICAI for second consecutive year

## 2015

- Awarded 'Fastest Growing Outsourcing Company of the Year 2015' by Asia Outsourcing Congress & Awards
- Won other prestigious titles like 'Best Customer Experience Delivered by a Contact Center', 'Excellence in Customer Services in the Outsourcing Industry' and 'Non-Voice Excellence Company of the Year'
- Declared as the winner of 'Golden Peacock Award for Excellence in Corporate Governance'

- Launched the Manufacturing vertical

## 2016

- Company positioned in the Winner's Circle by Hfs Research Blueprint report for Success Factor Services
- Awarded for 'Excellence in Customer Service' and honored as the 'Outsourcing Organisation of the Year' at the Golden Globe Tiger Awards held in Malaysia
- Bagged five awards at the Asia Outsourcing Congress And Awards 2015-16 for the 'Fastest Growing Outsourcing Company' and providing excellence in customer service, health insurance and non-voice BP services
- Positioned as a 'Leader' within NelsonHall Wealth & Asset Management BPS NEAT Evaluation for overall and post-investment management segment
- Opened new delivery center in Bucharest, Romania

## 2017

- Forrester Research Inc. cited Hexaware as a Strong Performer in the Forrester Wave: application outsourcing capabilities of Midsize Offshore Vendors
- Launched a new campus in Pune



## Our delivery centers and offices

### Americas

#### o USA

- Herndon, Virginia
- Iseline, New Jersey
- Seacaucus, New Jersey
- Alpharetta, Georgia
- Atlanta, Georgia

#### o Canada

- Ontario

#### o Mexico

- Coahuila

#### o Brazil

- Sao Paulo

### EMEA

#### o Romania

- Bucharest

#### o UK

- London

#### o Germany

- Frankfurt

#### o Russia

- Tver

#### o Netherlands

- Hoofddorp

#### o France

- Paris

#### o UAE

- Dubai

### APAC

#### o India

- Mumbai
- Chennai
- Pune
- Nagpur
- Bengaluru
- Coimbatore
- Noida

#### o Singapore

#### o Japan

- Tokyo

# Awards and recognition

## 2017

Hexaware won the coveted '**Challenge the Future Award 2017**' hosted by Information Services Group for '**Most Promising Pilot**'.

Hexaware won an award from Kamikaze Media as part of their **Customer Loyalty Awards, 2017**, under the category of **Best Use of Data Analytics in Predictive Modelling**.

Hexaware was re-appraised at **level 5** of **CMMI Institute's Capability Maturity Model Integration (CMMI)**, 2017.

## 2016

Hexaware awarded for **Brand Revitalization and Brand Excellence in IT/ITeS sector** at the **7th CMO Asia Awards** for Branding & Marketing 2016, held in Singapore.

Hexaware bagged two awards: 'Best Outsourcing Service Providers – Telecom Industry' and '**Telecom Outsourcing Project of the Year**' at the **National Awards for Excellence, 2016** for its excellence in providing business process services to telecom clients.

Hexaware received **Infonavit's Excellence Award** for being an **Employer of Merit, 2016**.

Hexaware was awarded for 'Excellence in Customer Service' and honoured as the '**Outsourcing Organization of the Year**' at the **Golden Globe Tiger Awards, 2016**, held in Malaysia.

Hexaware won the prestigious '**Best Process Improvement Project Award**' at **Golden Star Six Sigma Awards 2016**.

Hexaware bagged 5 awards at the **Asia Outsourcing Congress and Awards 2015-16** for the '**Fastest Growing Outsourcing Company**' and providing excellence in the areas of customer service, health insurance and non-voice BPO services.

Hexaware has been identified the '**Best IT Service Provider**' in Europe and UK, as rated by a survey of 600 end-customers by Whitelane Research.

Hexaware has been awarded the prestigious **CIO100 Award** for Year 2016 from IDG India. The award was given in two categories for the Transformative & Collaboration initiatives done by the Company.

## Corporate social responsibility at Hexaware



### Overview

At Hexaware, our focus areas under CSR include education, environment, health and sanitation, sports, arts and culture, natural calamities and disaster relief, rural development etc.



**Udaan:** The key components of the program comprise empowering the Udaan girls through regular life skills training, professional skills certifications, fitness programs and financial literacy training, among others.

**Evolution:** Hexaware promotes education by improving the infrastructure of five municipal schools in Vapi, Gujarat, through the implementing agency, Manav Sadhna, as part of its program, 'Evolution'.

**Antar Bharati Balgram Yojana:** The key components of the program are promoting education and reducing social inequalities for children through the Antar Bharti Bal gram by supporting its Sadan.

**Digital and financial education program:** Hexaware is supporting the digital and financial education program in 10 government / corporation schools in Chennai, Tamil Nadu.

**Smile Twin e-Learning Program (STeP):** Smile Twin e-Learning Program is an initiative of the Smile Foundation that has been working with a bifocal approach for the sustainable development and economic upliftment of underprivileged youth.

**V-Excel Trust – Vocational training program:** Hexaware is engaging with V-Excel to financially support V-Excel's Vocational Training Program. The objective of the project is to setup a vocational training centre to provide professional training and job opportunities to persons with disabilities at its Mylapore (Chennai) centre.





**SOS Children Village – Family strengthening program:**

Hexaware is supporting SOS Children Village in its flagship program – family support program. The family support program provides support to vulnerable children in destitute/single head families living below the poverty line (essentially caregivers being their mothers).

**Clean and safe neighborhood project:** Hexaware's self-implemented program - Clean and Safe Neighborhood ensures that the community in and around Hexaware's campus (Chennai) is clean and hygienic and uses environmental-friendly technology to reduce the strain on non-renewable energy sources.



**Avasara Leadership:** Hexaware contributed to support the Leadership Academy setup Avasara. The focus of the project is to provide a hands-on technology curriculum to adolescent girls, designed around teaching technological concepts through participant-based problem-solving.



## Ten-year consolidated financial highlights

₹ in million

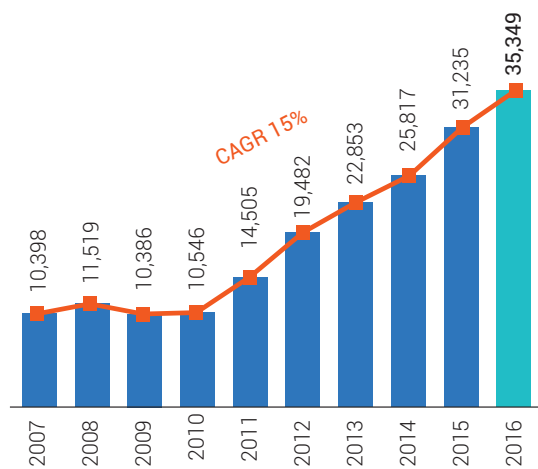
|                                                                           | 2016   | 2015   | 2014                | 2013   | 2012   | 2011   | 2010   | 2009   | 2008   | 2007               |
|---------------------------------------------------------------------------|--------|--------|---------------------|--------|--------|--------|--------|--------|--------|--------------------|
| <b>Revenue</b>                                                            | 35,349 | 31,235 | 25,817              | 22,853 | 19,482 | 14,505 | 10,546 | 10,386 | 11,519 | 10,398             |
| EBITDA before ESOP/<br>RSU cost                                           | 5,994  | 5,569  | 4,776               | 5,122  | 4,041  | 2,615  | 912    | 1,989  | 1,216  | 900                |
| EBITDA after ESOP/RSU<br>cost                                             | 5,747  | 5,358  | 4,776               | 5,122  | 4,040  | 2,613  | 905    | 1,976  | 1,201  | 900                |
| EBIT                                                                      | 5,189  | 4,876  | 4,336               | 4,736  | 3,716  | 2,366  | 663    | 1,705  | 917    | 665                |
| Profit before tax                                                         | 5,582  | 5,046  | 4,247 <sup>#</sup>  | 4,795  | 4,040  | 3,075  | 1,168  | 1,445  | 745    | 1,233 <sup>#</sup> |
| Profit after tax                                                          | 4,171  | 3,932  | 3,202 <sup>**</sup> | 3,791  | 3,276  | 2,670  | 1,076  | 1,342  | 590    | 71 <sup>**</sup>   |
| Net worth                                                                 | 17,111 | 14,332 | 12,906              | 11,992 | 12,038 | 10,162 | 9,655  | 8,497  | 6,625  | 7,059              |
| Loan funds                                                                | -      | -      | -                   | -      | -      | -      | 112    | 163    | 195    | -                  |
| Capital expenditure                                                       | 2,223  | 1,367  | 604                 | 411    | 744    | 633    | 340    | 252    | 1,154  | 1,005              |
| Cash and bank balance<br>(including restricted<br>balance & mutual funds) | 4,482  | 4,428  | 4,939               | 6,564  | 4,472  | 4,606  | 4,753  | 4,118  | 2,849  | 3,147              |
| <b>Growth ratios</b>                                                      |        |        |                     |        |        |        |        |        |        |                    |
| Revenue (%)                                                               | 13     | 21     | 13                  | 17     | 34     | 38     | 2      | (10)   | 11     | 23                 |
| EBITDA (%)                                                                | 7      | 12     | (7)                 | 27     | 55     | 189    | (54)   | 65     | 33     | (30)               |
| EBIT (%)                                                                  | 6      | 12     | (8)                 | 27     | 57     | 257    | (61)   | 86     | 38     | (39)               |
| Profit before tax (%)                                                     | 11     | 19     | (11)                | 19     | 31     | 163    | (19)   | 94     | (40)   | (9)                |
| Profit after tax (%)                                                      | 6      | 23     | (16)                | 16     | 23     | 148    | (20)   | 128    | 733    | (94)               |
| <b>Performance ratios</b>                                                 |        |        |                     |        |        |        |        |        |        |                    |
| EBITDA margin before<br>ESOP/RSU cost (%)                                 | 17     | 18     | 18                  | 22     | 21     | 18     | 9      | 19     | 11     | 9                  |
| EBITDA margin after<br>ESOP/RSU cost (%)                                  | 16     | 17     | 18                  | 22     | 21     | 18     | 9      | 19     | 10     | 9                  |
| EBIT margin (%)                                                           | 15     | 16     | 17                  | 21     | 19     | 16     | 6      | 16     | 8      | 6                  |
| Net profit margin (%)                                                     | 12     | 13     | 12                  | 17     | 17     | 18     | 10     | 13     | 5      | 1                  |
| Tax /Total revenue (%)                                                    | 4      | 4      | 4                   | 4      | 4      | 3      | 1      | 1      | 1      | 1                  |
| Effective tax rate (%)                                                    | 25     | 22     | 23                  | 21     | 19     | 13     | 8      | 7      | 21     | 11                 |
| <b>Balance sheet ratios</b>                                               |        |        |                     |        |        |        |        |        |        |                    |
| Return on average net<br>worth (%)                                        | 27     | 29     | 26                  | 32     | 30     | 27     | 12     | 18     | 9      | 1                  |
| Debt equity ratio (%)                                                     | -      | -      | -                   | -      | -      | -      | 1      | 2      | 3      | -                  |
| <b>Per Share Ratio</b>                                                    |        |        |                     |        |        |        |        |        |        |                    |
| Dividend payout ratio (%)                                                 | 48     | 80     | 105                 | 103    | 57     | 51     | 47     | 18     | 28     | 219                |
| Earnings per share –<br>Basic (₹)                                         | 13.82  | 13.05  | 10.87               | 12.70  | 11.09  | 9.13   | 3.72*  | 4.67*  | 2.06*  | 0.17*              |
| Cash earnings per share<br>(₹)                                            | 15.90  | 13.04  | 13.68               | 11.15  | 7.31   | 4.72   | 0.41   | 4.96   | 2.37   | 3.26               |

\* Retrospectively adjusted for the bonus shares issued in 2011

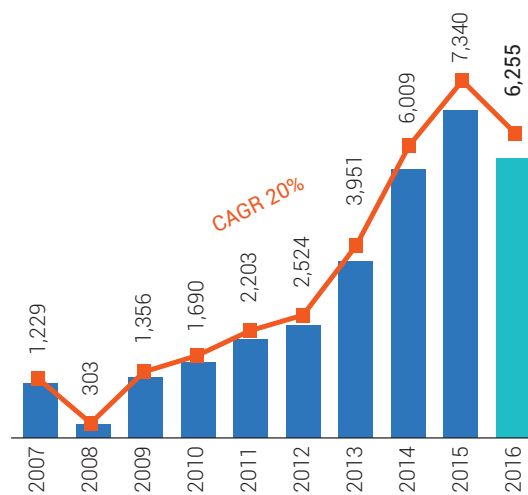
# Before exceptional item

\*\* After exceptional item

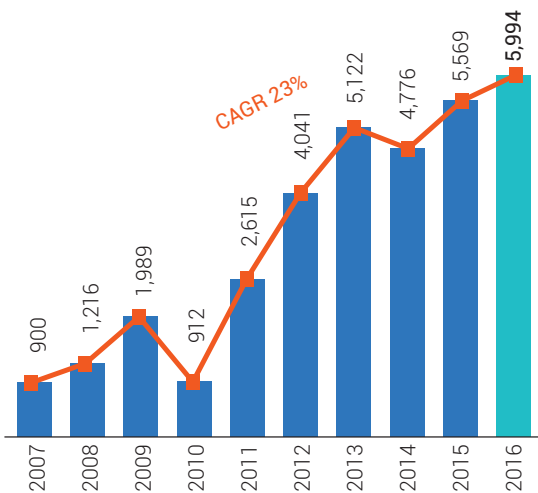
## Ten-year consolidated financial highlights



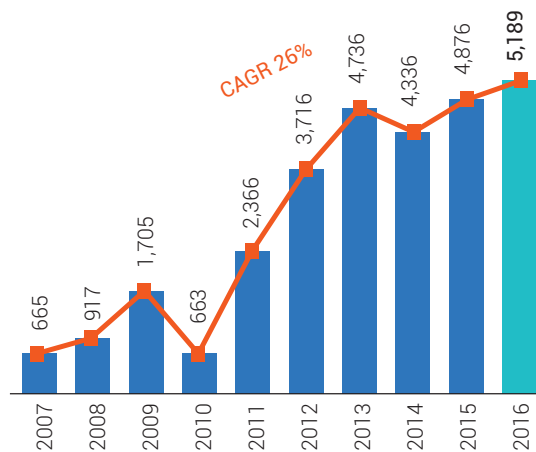
Revenue growth ₹ Mn



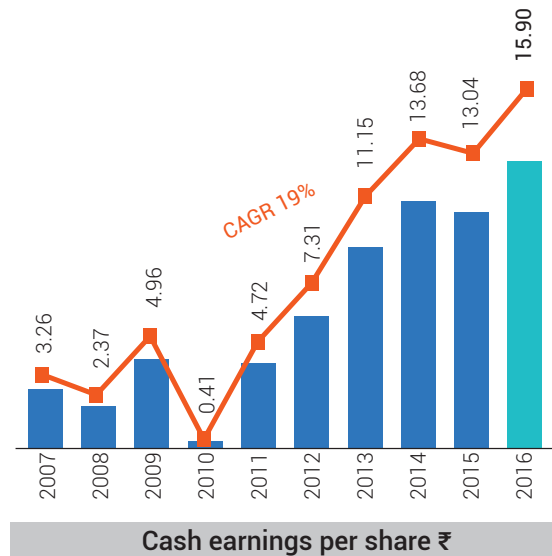
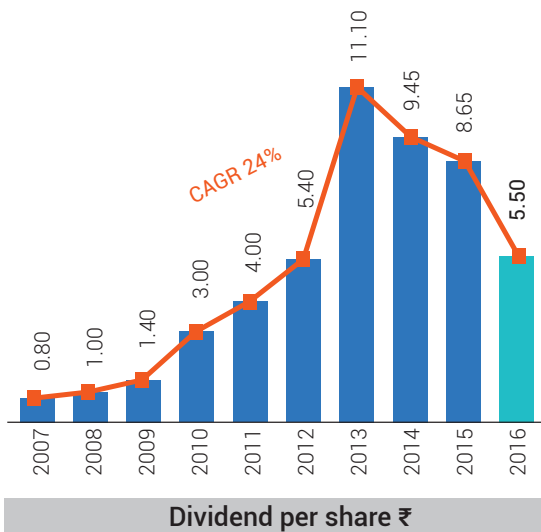
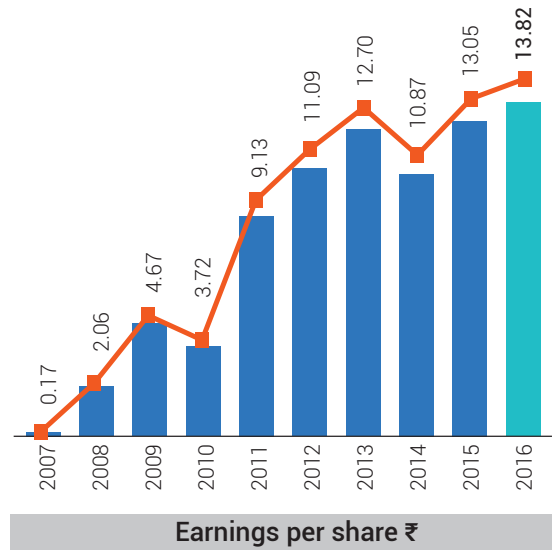
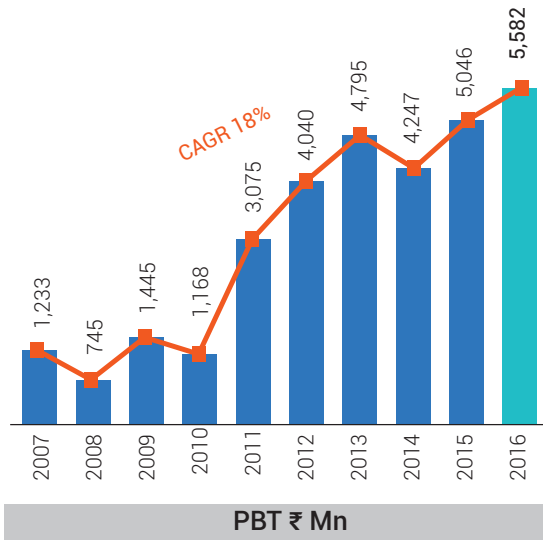
Market capitalisation ₹ crore



EBITDA ₹ Mn



EBIT ₹ Mn





# A YEAR DEFINED BY OUR PURSUIT OF HIGH PERFORMANCE

2016 was the year we ingrained high performance into all facets of life in Hexaware; we articulated what performance means to us and the vital role it plays in our roadmap for the future. PoP became our catchphrase in the past twelve months. We conceptualized the Power of Performance (PoP) campaign to tell our story of high performance in a compelling and engaging manner. We wanted Hexawarians to believe in the magic we could create by working harder and smarter. PoP encompassed a wide range of initiatives - some serious and career-changing and some that just made us happier and healthier as people.

The beginning of the year saw Hexaware participate in unprecedented numbers in the 'Employee Passion Survey (EPS)'. Excellence and extreme execution demand a fully charged and committed workforce. The EPS provides us the perfect gauge of what our employees are feeling. The response was great and provided an excellent foundation to build an even more responsive and empathetic company.

Career planning was a strong focus area in 2016; The 'RightFit' campaign encouraged and empowered employees to make a





lateral shift to newer and more senior positions. Our sustained **'Rewards and Recognition Program'** put the spotlight on the achievers, and gave rich rewards for their stellar performance. Top performers were showcased as examples for the others; we used several campaigns like **'The Best deserve the Best'** to acknowledge our heroes.

The **'V for Victory'** campaign used the strong analogy of sport to showcase the biggest wins of Hexaware. Going the extra mile was consistently rewarded in 2016. High performance comes with a mindset to maximize gain and minimize loss – our **'Power Saver Campaign'** was a very interesting way to drive home the benefits of less waste.

Individuals are the building blocks of any organization. We have always recognized this and we were clear that we collectively move to the next frontier of performance only when each individual takes a step forward. **'Notes to myself,' 'I Pledge'** etc were all focused campaigns that helped us develop crucial skills and self-belief. The **'Hexaware Healthy Habit'** series reiterated that a healthy body is the foundation of a healthy mind; we built

on the premise that high performance is only possible when we operate at the peak of our abilities. We shared a wide range of habits and tips that helped of us get fitter, more active and more alert. Fun campaigns like the one we ran for Men's Day brought a smile to all our faces.

2016 saw launch of the coffee table book **'Hexaware Story Club'** –a powerful collection of Hexaware stories. The book was the perfect snapshot of our journey over the past 25 years. The year had several landmarks; an important one was our launch of **'Facebook @ Work'**. This powerful medium has the potential to transform the way we work. The launch of Facebook at Work was exciting and engaging. Station H continues to be a pillar of communication and interaction in Hexaware.

In the beginning of the year, we had a mission to hardwire high performance into our DNA; at the end of year we are very proud of what we achieved. It is said that those who don't believe in magic will never find it; **Hexawarians proved themselves to be believers last year, and demonstrated that they were doers.** It can be safely said that 2016 was a fabulous year.



# STATUTORY SECTION

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## Notice

Notice is hereby given to all the members of Hexaware Technologies Limited (the "Company") that the Twenty Fourth Annual General Meeting of the Members of the Company will be held on Monday, April 24, 2017 at 4.00 p.m. at M. C. Ghia Hall, Bhogilal Hargovinddas Building, 18/20, K. Dubhash Marg, Behind Prince of Wales Museum/Kala Ghoda, Mumbai-400 001 to transact the following business:

### ORDINARY BUSINESS:

#### Item no. 1 - Adoption of accounts

To receive, consider and adopt the Audited Balance Sheet as at December 31, 2016 and the Audited Profit and Loss Account for the financial year ended as on that date together with the Reports of the Board of Directors and the Auditors thereon.

#### Item no. 2 - Confirmation of dividend

To confirm the Interim Dividend aggregating to ₹ 5.50/- per equity share of ₹ 2/- each, already paid for the financial year ended December 31, 2016.

#### Item no. 3 - Re-appointment of Mr. P R Chandrasekar

To appoint a Director in place of Mr. P R Chandrasekar (DIN: 02251080), who retires by rotation, and being eligible, seeks re-appointment.

#### Item no. 4 - Re-appointment of Mr. Atul Nishar

To appoint a Director in place of Mr. Atul Nishar, (DIN: 00307229), who retires by rotation, and being eligible, seeks re-appointment.

#### Item no. 5 - Appointment of Statutory Auditors

To appoint the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the 29th 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 139 of the Companies Act, 2013, the Companies (Audit and Auditors) Rules, 2014, (including any re-enactment or modification thereto), and such other applicable provisions, if any, M/s. Price Waterhouse Chartered Accountants LLP, Mumbai, with registration number 012754N/N500016 be and are hereby appointed as the Statutory Auditors of the Company in place of Deloitte Haskins & Sells LLP, Chartered Accountants, Mumbai to hold Office from the conclusion of the ensuing Annual General Meeting till the conclusion of the Twenty Ninth Annual General Meeting and subject to ratification of appointment at every Annual General Meeting, at a remuneration as may be mutually agreed to, between the Board of Directors and M/s. Price Waterhouse Chartered Accountants LLP, plus applicable taxes, out-of-pocket expenses, travelling and other expenses, in connection with the work of audit to be carried out by them."

### SPECIAL BUSINESS:

#### 6. Special Resolution

##### Re-appointment of Mr. Bharat Shah as a Non-Executive Independent director

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions of the Companies Act, 2013 read with Schedule IV to the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Bharat Shah (holding DIN 00136969), a non-executive Director of the Company, who is eligible for re-appointment and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013, be and is hereby re-appointed as an Independent Director of the Company to hold office for three consecutive years w.e.f. October 17, 2016 and shall not be liable to retire by rotation hereinafter in accordance with the provisions of the Companies Act, 2013."

## Notice

### 7. Special Resolution

#### Re-appointment of Mr. Dileep Choksi as a Non-Executive Independent director

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions of the Companies Act, 2013 read with Schedule IV to the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Dileep Choksi (holding DIN 00016322), a non-executive Director of the Company, who is eligible for re-appointment and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013 be and is hereby re-appointed as an Independent Director of the Company to hold office for three consecutive years w.e.f. October 17, 2016 and shall not be liable to retire by rotation hereinafter in accordance with the provisions of the Companies Act, 2013."

**By Order of the Board of Directors  
For Hexaware Technologies Limited**

Sd/-

**Gunjan Methi**

Company Secretary

Date: March 28, 2017

Place: Mumbai

#### **Registered Office:**

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

CIN : L72900MH1992PLC069662

Email : [Investor@hexaware.com](mailto:Investor@hexaware.com)

Website : [www.hexaware.com](http://www.hexaware.com)

Tel : 022 - 41599595

Fax : 022 - 67919578

**NOTES:**

1. The Explanatory Statements, for item nos. 6 and 7, pursuant to Section 102 of the Companies Act, 2013, are annexed hereto and form part of this notice. The relevant details as required under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, of persons seeking appointment / reappointment/ retiring by rotation as Directors under Item No. 3, 4, 6 & 7 of the Notice, are also annexed.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. A FORM OF PROXY IS ENCLOSED, AND IF INTENDED TO BE USED, SHOULD BE RETURNED TO THE COMPANY DULY COMPLETED NOT LESS THAN 48 (FORTY EIGHT) HOURS BEFORE THE AFORESAID MEETING. A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
3. Member/proxies shall bring the enclosed attendance slip duly filled in, for attending the meeting. All documents referred to in the notice and in the accompanying explanatory statement are open for inspection at the registered office of the Company between 10:00 am and 1:00 pm on all working days (Monday to Friday), except Saturdays, Sundays and holidays, up to the date of the Annual General Meeting.
4. Shareholders are requested to intimate the change in their address, if any, quoting the folio number to the Company. Members are requested to register their e-mail address and changes therein with the Depositories/ Registrar and Share Transfer Agent.
5. In compliance with the provisions of section 108 of the Act and the Rules framed thereunder, the Members are provided with the facility to cast their vote electronically, through the remote e-voting services provided by NSDL, on all resolutions set forth in this Notice. The facility of electronic voting system shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through electronic voting system. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on April 17, 2017 are entitled for remote e-voting on the Resolutions set forth in this Notice.
6. The process and manner for e-voting and other details are also sent with Annual Report and forms part of the Notice.
7. The Register of Directors Shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the Annual General Meeting.
8. The Register of Members and Share Transfer Books of the Company shall be closed on, April 5, 2017, in terms of the provisions of Section 91 of the Companies Act, 2013 and the applicable regulations of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.
9. Those Members who have so far not encashed their dividend warrants from the final dividend 2009 onwards, may approach the Registrar and Share Transfer Agents, M/s. Karvy Computershare Private Limited, 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 the provisions of Companies Act. Further Ministry of Corporate Affairs has recently notified new Rules namely "Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016" which have come into force from September 7, 2016. The said Rules, amongst other matters, contain provisions for transfer of all shares in respect of which dividend has not been paid or claimed for seven consecutive years in the name of IEPF Suspense Account. The details of unpaid / unclaimed dividend and number of shares liable to be transferred are available on our website: [www.hexaware.com](http://www.hexaware.com)
10. Shareholders are requested to note that no claim shall lie against the Company in respect of any amounts which were unclaimed and unpaid for a period of 7 years and transferred to Investor Education and Protection Fund of the Central Government. However, Shareholders may claim from IEPF Authority both unclaimed dividend amount and the shares transferred to IEPF Suspense Account as per the applicable provisions of Companies Act, 2013 and rules made thereunder.
11. A sum of ₹ 22,26,093/- has been transferred to the Investor Education and Protection Fund in the year 2016 towards unclaimed/unpaid dividend declared during 2009 and fractional entitlement accounts.
12. 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. SH-13. The shareholders are requested to avail of this facility. The duly filled in and signed nomination Form No. SH-13 should be sent to the Registrar and Share Transfer Agents, M/s. Karvy Computershare Private Limited at Karvy Selenium, Tower B, Plot 31-32, Gachibowli, Financial District, Hyderabad - 500 032. Tel. No. : +91 040 6716 2222.

## Notice

13. Members holding shares in dematerialised form are requested to intimate all changes pertaining to their bank details, NECS/ ECS mandates, nominations, power of attorney, change of address/name, etc., to their Depository Participant only and not to the Company's Registrars and Share 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 Share Transfer Agents to provide efficient and better service to the Members. Members holding shares in physical form are requested to advise such changes to the Company's Registrar and Share Transfer Agents, Karvy Computershare Private Limited.
14. 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/ NACH facility.
15. 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.
16. 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.
17. 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 applicable SEBI guidelines and in accordance with the resolutions of the general meeting passed earlier, will be available for inspection to Members at the Annual General Meeting. 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 [Investori@hexaware.com](mailto:Investori@hexaware.com).
18. Members are requested to bring their copies of the Annual Report for the meeting.
19. 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.
20. As a part of 'Green Initiative in Corporate Governance,' Ministry of Corporate Affairs (MCA) is allowing companies to send various documents to their shareholders electronically. Hence your Company will be sending all documents such as the 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 us 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 / Depository to ensure that all communication sent by the Company are received at the desired email address. Please let us know in case you wish to receive the above documents in paper mode. For members who have not registered their email addresses with the Depositories, physical copies are being sent by the permitted modes. The Notice of the Meeting is also posted on the website of the Company at [www.hexaware.com](http://www.hexaware.com).
21. Re-appointment of Directors: At the ensuing Annual General Meeting, Mr. Atul Nishar and Mr. P R Chandrasekar, Directors of the Company retire by rotation and being eligible offer themselves for re-appointment. Mr. Bharat Shah and Mr. Dileep Choksi are being re-appointed for a period of three years as Independent Directors of the Company. They are not related to any of the Directors of the Company. The information pertaining to the Director retiring by rotation/appointed/re-appointed to be provided in terms of regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard for General Meeting are furnished in the Statement on Corporate Governance published in this Annual Report.
22. The route map of the venue of the meeting is given in the Notice.

**EXPLANATORY STATEMENT FOR ITEM NOS. 3, 4, 5, 6 and 7 PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013****Item no. 3 & 4**

Directors, Mr. Atul Nishar (DIN: 00307229) and Mr. P R Chandrasekar, (DIN: 02251080), retire by rotation, and being eligible, seek re-appointment. Kindly refer report on Corporate Governance for information in respect of appointment of Mr. Atul Nishar and Mr. P R Chandrasekar, pursuant to the Secretarial Standard on General Meetings.

Except Mr. Atul Nishar and Mr. P R Chandrasekar and except to the extent of their shareholding and shareholding of their relative, if any, in the Company, none of the Directors and Key Managerial Personnel of the Company or their relatives are concerned or interested in the proposed item no. 3 & 4.

**Item no. 5**

As per the provisions of Companies Act, 2013 read with rules made thereunder no listed Company shall appoint an audit firm as auditor for more than two consecutive terms of five years and an audit firm which has completed its term shall not be eligible for reappointment as auditor in the same company.

Every listed Company existing on or before the commencement of Companies Act, 2013 (i.e 01st April, 2014) shall comply with the provisions of Companies Act, 2013 within three years. Accordingly, the term of the existing Statutory Auditors, Deloitte Haskins & Sells LLP, is coming to end. The Board of Directors have recommended appointment of M/s. Price Waterhouse Chartered Accountants LLP as the Statutory Auditors of the Company in place of Deloitte Haskins & Sells LLP, Chartered Accountants, Mumbai, existing Statutory Auditors of the Company, to hold Office from the conclusion of the ensuing Annual General Meeting till the conclusion of the Twenty Ninth Annual General Meeting.

None of the Directors and Key Managerial Personnel of the Company or their relatives are concerned or interested in the proposed item no. 5.

**Item no. 6 & 7**

The Company had, pursuant to the provisions of Section 161 of the Act and applicable rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 appointed Mr. Bharat Shah (DIN 00136969) and Mr. Dileep Choksi (DIN 00016322) as Additional Directors (Independent Directors) holding office upto the date of the ensuing Annual General Meeting.

The Company has received notice in writing from a member along with the deposit of requisite amount under Section 160 of the Companies Act, 2013 proposing the candidature of Mr. Bharat Shah and Mr. Dileep Choksi as Independent Directors of the Company.

The reappointment of Directors is made as a result of performance evaluation of Directors. The Nomination & Remuneration Committee has recommended and the Board has approved the reappointment of Mr. Bharat Shah and Mr. Dileep Choksi as Independent Directors as per their letters of appointment for a period of three years w.e.f. October 17, 2016.

Mr. Bharat Shah and Mr. Dileep Choksi, have given a declaration to the Board that they meet the criteria of independence as provided under section 149(6) of the Act. In the opinion of the Board, each of them fulfill the conditions specified in the Act and the rules framed thereunder for appointment/re-appointment as Independent Director and they are Independent of the management.

In compliance with the provisions of section 149 read with Schedule IV of the Companies Act, 2013 the appointment of these directors as Independent Directors is now being placed before the Members for their approval.

All the relevant documents, i.e. contracts, the terms and conditions of the appointment of Mr. Bharat Shah and Mr. Dileep Choksi as Independent Directors of the Company shall be open for inspection by the Members at the Registered Office of the Company between 10:00 am to 1:00 pm on all working days (Monday to Friday) except Saturdays, Sundays and holidays upto the date of Annual General Meeting.

Kindly refer report on Corporate Governance for information in respect of appointment of Mr. Bharat Shah and Mr. Dileep Choksi, pursuant to the Secretarial Standard on General Meetings and regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

A brief profile of the Independent Directors to be appointed is given below:

1. **Mr. Bharat D. Shah** is the Chairman of HDFC Securities Limited. Mr. Shah joined the Hexaware Board on July 29, 2008. He is one of the founders of HDFC bank and he joined the bank in December, 1994 as an Executive Director on its Board. He has held the position of Head - Custody and Depository, Retail, HR, Private Banking, Infrastructure and Merchant services at HDFC Bank from December, 1994.

Mr. Shah is also an advisor for the Vanita Vishram Trust and the RBK International Academy.

Mr. Shah received his BSc degree from the University of Mumbai. He also holds a degree in applied chemistry with a special focus on metal finishing from Borough Polytechnic, London.

## Notice

He started his career as a R&D chemist in Pyrene Company Ltd. He was the marketing head of travellers checks and the rupees travellers check operations of Thomas Cook. He was also the payments product division head and then real estate division head of Citibank. Mr. Shah was an investment advisor for Union Bank of Switzerland, Singapore, for a Year. He holds Directorship in Strides Shasun Limited, AGS Transact Technologies Limited, 3M India Limited, Exide Industries Limited, India Transact Services Limited, Atlas Documentary Facilitators Company Private Limited, HDFC Securities Limited, Salisbury Investments Private Limited, Faering Capital Trustee Company Private Limited, IDFC Alternatives Limited, Tata Sky Limited and Mahindra Lifespace Developers Limited.

2. **Mr. Dileep C. Choksi** is a chartered accountant by profession and has been in practice for over 40 years. His areas of specialization include business succession, tax advisory and litigation, structuring of collaborations and joint ventures, and corporate restructuring, turnaround and change management strategies. He also advises some of India's large business houses on various strategic matters, including family succession and on wills and trusts. Mr. Choksi was the former Joint Managing Partner of Deloitte in India till 2008, before the setting up of C.C. Chokshi Advisors Pvt. Ltd. of which he is the Chief Mentor.

Mr. Choksi is on the Board of well-known companies including as a member of their committees. He is a member of the Society of Trust and Estate Practitioners (STEP). He is also a trustee of the A.D. Shroff Memorial Trust and member of the Council of the Forum of Free Enterprise.

Mr. Choksi has contributed various papers on professional matters relating to Tax and Business reorganisation. He has been a speaker at various seminars and conferences of professional interests organized by the Reserve Bank of India, the Institute of Chartered Accountants, Bombay Chartered Accountants' Society, etc.

Mr. Choksi contributed in the preparation of Kanga and Palkhivala's The Law and Practice of Income Tax (Eighth Edition) - the last edition written by late Mr. N.A. Palkhivala and Mr. B.A. Palkhivala.

He holds Directorship in ICICI Home Finance Co. Ltd, Mafatlal Chipherspace Pvt. Ltd, Lupin Limited, ICICI Bank Ltd, AIA Engineering Ltd, Arvind Limited, Swaraj Engines Limited, Tata Housing Development Company Limited and Miramac Properties Private Limited.

Vast experience of Mr. Bharat Shah and Mr. Dileep Choksi in various areas, will help the Company to decide future business strategies for growth of the Company.

For other details such as number of meetings of the board attended during the year, remuneration drawn and relationship with other directors and key managerial personnel in respect of Mr. Bharat Shah and Mr. Dileep Choksi, members may please refer the Corporate Governance Report.

The Board recommends the Special Resolution set out at Item No. 6 & 7 of the Notice for approval of the Members.

Except Mr. Bharat Shah and Mr. Dileep Choksi and except to the extent of their shareholding, if any, in the Company, none of the Directors and Key Managerial Personnel of the Company or their relatives are concerned or interested in the proposed Resolutions as set out in Item no. 6 & 7 in the Notice.

**By Order of the Board of Directors  
For Hexaware Technologies Limited**

Sd/-

**Gunjan Methi**

Company Secretary

Date: March 28, 2017

Place: Mumbai

**Registered Office:**

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

CIN : L72900MH1992PLC069662

Email : [Investori@hexaware.com](mailto:Investori@hexaware.com)

Website : [www.hexaware.com](http://www.hexaware.com)

Tel : 022 - 41599595

Fax : 022 - 67919578

## Route Map for the venue of the meeting

**VENUE:**

**M. C. Ghia Hall**, Bhogilal Hargovinddas Building, 18/20, K. Dubhash Marg, Behind Prince of Wales Museum/Kala Ghoda, Mumbai - 400 001.

Prominent Land Mark: Opposite Jehangir Art Gallery, Kala Ghoda.

## Directors' Report

TO

THE MEMBERS,

The Directors are pleased to present their Twenty fourth Annual Report, on the business and operations of Hexaware Technologies Limited (hereafter referred to as 'The Company') together with audited financial statements for the financial year ended December 31, 2016.

### Financial Performance:

#### Global Operations:

(USD million)

|                                                         | <b>FY 2016</b> | <b>FY 2015</b> |
|---------------------------------------------------------|----------------|----------------|
| Income from Operations                                  | 525.55         | 485.47         |
| EBITDA before Employees Stock Option Compensations Cost | 89.20          | 86.59          |
| EBITDA after Employees Stock Option Compensations Cost  | 85.53          | 83.32          |
| Profit from Operations *                                | 77.23          | 75.82          |
| Profit before Tax                                       | 83.04          | 77.96          |
| Profit after Tax                                        | 62.06          | 60.65          |

(INR million)

|                                                         | <b>FY 2016</b> | <b>FY 2015</b> |
|---------------------------------------------------------|----------------|----------------|
| Income from Operations                                  | 35,348.99      | 31,235.23      |
| EBITDA before Employees Stock Option Compensations Cost | 5,994.01       | 5,569.31       |
| EBITDA after Employees Stock Option Compensations Cost  | 5,747.27       | 5,358.21       |
| Profit from Operations *                                | 5,188.84       | 4,875.74       |
| Add: Exchange Rate Gain/ (Loss) (net)                   | 355.93         | 81.40          |
| Less: Interest                                          | 1.41           | 1.19           |
| Add: Other Income                                       | 38.41          | 90.17          |
| Profit before Tax                                       | 5,581.77       | 5,046.12       |
| Less: Provision for Taxation                            | 1,410.68       | 1,114.02       |
| Profit after Tax                                        | 4,171.09       | 3,932.10       |

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

#### India Operations:

(INR million)

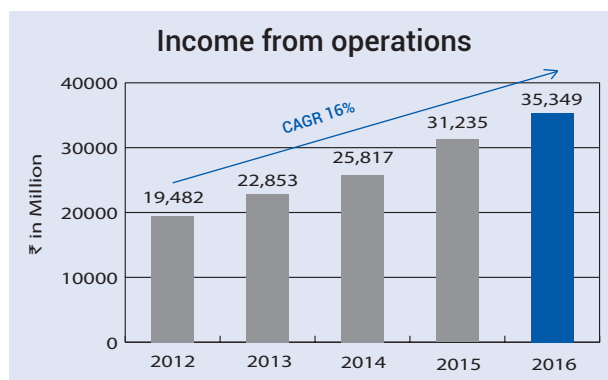
|                                                               | <b>FY 2016</b>  | <b>FY 2015</b>  |
|---------------------------------------------------------------|-----------------|-----------------|
| Income from Operations                                        | 13,930.41       | 12,935.97       |
| EBITDA                                                        | 4,552.05        | 4,312.32        |
| Profit from Operations *                                      | 4,126.18        | 3,903.96        |
| Less: Exchange Rate (Gain) / Loss (net)                       | (284.64)        | (73.53)         |
| Less: Interest                                                | 1.01            | 0.29            |
| Add: Other Income                                             | 94.36           | 103.36          |
| Profit before Tax                                             | 4,504.17        | 4,080.56        |
| Less: Provision for Taxation                                  | 943.44          | 750.85          |
| <b>Profit after Tax</b>                                       | <b>3,560.73</b> | <b>3,329.71</b> |
| Add : Balance brought forward from previous year              | 3,007.25        | 2,862.59        |
| Add: Transfer from Special Economic Zone Reinvestment Reserve | 174.30          | 124.62          |
| <b>Balance available for appropriation</b>                    | <b>6,742.28</b> | <b>6,316.92</b> |
| <b>Appropriation</b>                                          |                 |                 |
| Interim Dividend                                              | 1,660.60        | 2,608.16        |
| Tax on Dividends                                              | 338.04          | 528.76          |
| Transfer to Special Economic Zone Reinvestment Reserve        | 177.73          | 172.75          |
| Balance carried to Balance Sheet                              | 4,565.91        | 3,007.25        |

## Results of Operations

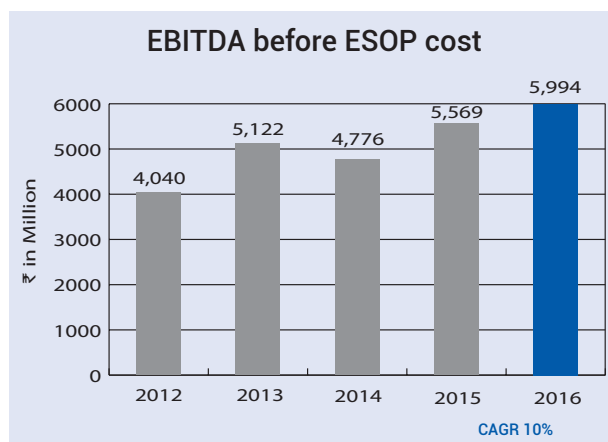
### a) Global operations:

Income from operations increased to INR 35,348.99 million in 2016 from INR 31,235.23 million in 2015, growth of 13.2%. The growth in Dollar terms was 8.3%, reaching USD 525.55 million. Revenue in constant currency was USD 529.6 million, growth of 9.0%. Growth was driven largely by volume increase, aided by increased realized bill rates and higher onsite mix, however there was an adverse impact of cross currency. Profit from Operations (profit before Exchange rate difference, Interest, Other income and Provision for taxation) was at INR 5,188.84 million in 2016 as against INR 4,875.74 million in 2015, growth of 6.4%. The growth in profit from operations without considering RSU cost under long term incentive plan was 6.9%. During the year, the Profit after tax stood at INR 4,171.09 million in 2016 as compared to a profit of INR 3932.10 million in 2015, growth of 6.1%. PAT margins in Rupee terms were at 11.8% in 2016 compared to 12.6% in 2015.

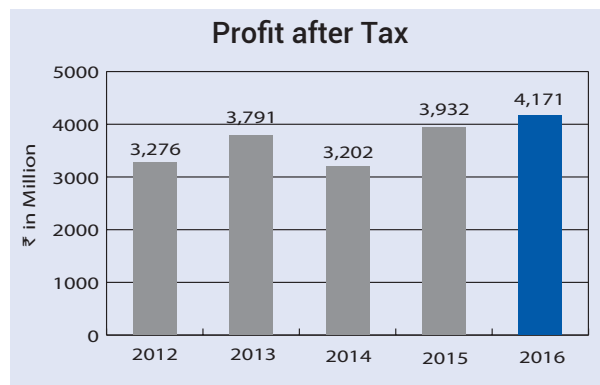
### Income from operations



### EBITDA



## PAT



### Material changes from end of financial year till date of report

There are no material changes and commitments, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report other than:

Buy back of 56,94,835 equity shares aggregating to ₹ 1,366,760,400 @ ₹ 240/- per equity shares.

On October 25, 2016, the Board gave in-principle approval for the merger of M/s. Risk Technology International Limited, Wholly Owned Subsidiary with the Company. The scheme of Merger was approved by the Board at its meeting held on March 8, 2017.

### Company's major achievements in 2016

Over the last two years the primary objective was to establish momentum in growth. The growth in revenue was 13.2% in Rupee terms and 8.3% in USD terms as compared to 2015.

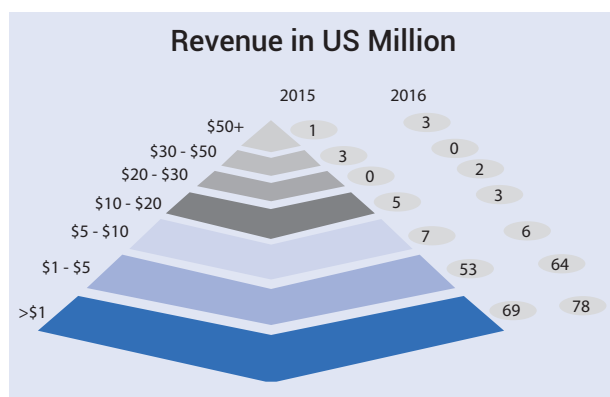
We have also established good momentum for next year with new booking from new clients at \$ 153 million TCV for the year and that would give us confidence about growth for 2017 and beyond.

In USD terms, EBITDA before ESOP cost grew by 3.0%, after ESOP by 2.7% and PAT grew by 2.3%.

EPS after the ESOP dilution grew at 5.9%.

During the year 2016, 30 new clients were added. We continued to improve on depth of customer relationships. On a year Q4-2016 last year to Q4-2015, the top of the pyramid has bulked up. The number of clients in \$50Mn+ has increased from 1 to 3. Bottom of the pyramid, we have solid growth which forms the basis for a strong account base for us to grow in the future, both greater than one million and more importantly the one to five million category.

## Directors' Report



### b) India operations:

In the year 2016, the revenue of the standalone legal entity increased by 7.7% to ₹ 13930.41 million in comparison with revenue of ₹ 12,935.97 million in the previous year. The net profit after tax was ₹ 3,560.73 million as compared to ₹ 3,329.71 million in 2015 showing growth of 6.9%.

### Share capital

The paid-up Share Capital of the Company as on December 31 2016 was ₹ 604.06 million comprising of 302,028,195 Equity Shares of ₹ 2/- each. During the year 4,65,298 shares were exercised under different ESOP schemes. The market capitalization of the Company as on December, 31, 2016 was at INR 62,550 million (USD 921 million). The market capitalization is calculated on the basis of closing prices of INR 207.10 on The National Stock Exchange and the closing exchange rate of 1 USD = INR 67.92 as of December 31, 2016.

### Reserve

The balance in the Statement of Profit and Loss after adjusting the appropriations for the year is ₹ 4,565.91 million.

**Forex Mark-To-Market:** The year-end Hedging Reserve stood at gain of ₹ 322.77 million, as compared ₹ 15.96 million in the previous year. This is in accordance with the recognition and measurement principles for accounting of forward exchange contracts and derivative contracts of Accounting Standard (AS)-30.

The Company recorded ₹ 455.17 million in Employee stock options outstanding a reserve being amortisation of compensation cost of RSU's granted.

There was no transfer to General reserve during the year.

In summary, total reserves stood at ₹ 12,624.16 million, including ₹ 4,808.73 million of Securities Premium account.

### Dividend

During the year 2016, the Company paid four interim dividends on equity shares, Q1 - ₹ 2.50 (125%), Q2 - ₹ 1.00 (50%), Q3 - ₹ 1.00 (50%) and Q4 - ₹ 1.00 (50%). This brings the interim dividends for the four quarters of 2016 to ₹ 5.50 per share (275%).

The Board of Directors have not recommended payment of any final dividend and interim dividends as aforesaid be considered as final. The total dividend declared for 2016 on account of interim dividend & tax thereon amounts to ₹ 1,998.64 million.

The break-up of dividend is as under: (₹ million)

|              | Q1            | Q2            | Q3            | Q4            | Total           |
|--------------|---------------|---------------|---------------|---------------|-----------------|
| Dividend     | 754.63        | 301.88        | 301.94        | 302.15        | 1,660.60        |
| Tax          | 153.62        | 61.45         | 61.47         | 61.50         | 338.04          |
| <b>Total</b> | <b>908.25</b> | <b>363.33</b> | <b>363.41</b> | <b>363.65</b> | <b>1,998.64</b> |

### Particulars of loan, guarantee or investments

Loan, guarantees and investments covered under section 186 of the Companies Act, 2013 form part of the notes to the financial statements provided in this Annual Report. Please refer note no. 9 to 12 and note no. 15 of Standalone Financial Statements.

### Subsidiaries and Associates

During the year 2016, Company has formed one step down subsidiary Company in Romania. The Company also formed one wholly owned subsidiary in Saudi (final registration is under process). The Company through its wholly owned subsidiary in Singapore also invested in one associate Company in Singapore. The total amount of initial investment in these three companies are given below:

| Sr. No. | Name of Company                      | ₹ Million |
|---------|--------------------------------------|-----------|
| 1       | Hexaware Technologies Romania SRL    | 1.87      |
| 2       | Hexaware Technologies Saudi LLC      | 8.03      |
| 3       | Experis Technology Solutions PTE Ltd | 16.95     |

During the year 2016, Company has also invested further funds in the following wholly owned subsidiaries. The total further investments in these subsidiaries are given below:

| S r. No. | Name of Company                                             | ₹ Million |
|----------|-------------------------------------------------------------|-----------|
| 1        | Guangzhou Hexaware Information Technologies Company Limited | 5.06      |
| 2        | Hexaware Technologies LLC - Russia                          | 68.59     |

Further, during the year, the Company has also granted additional loan aggregating ₹ 774.05 million to wholly owned subsidiary Risk Technology International Limited for the development of SEZ at Hinjewadi, Pune.

In accordance with Section 129(3) of the Companies Act, 2013, consolidated financial statements of the Company and all its subsidiaries, forms part of the Annual Report. Further, a statement containing the salient features of the financial statement of our subsidiaries in the prescribed format AOC - 1 is appended as Annexure 1 to the Board's report. The statement also provides the details of performance, financial positions of each of the subsidiaries.

In accordance with Section 136 of the Companies Act, 2013, the audited financial statements, including the consolidated financial statements and related information of the Company and audited financial statements of each of its subsidiaries, are available on our website [www.hexaware.com](http://www.hexaware.com). These documents will also be available for inspection during business hours at the registered office of the Company.

### Business Strategy

Company's strategic objective is to build a sustainable organization which is important and relevant for our customers and also generates profitable growth for investors.

No matter the size, Hexaware is committed in providing Personal Attention to every relationship. For the company, it's just about more than performance. It's more about being Transparent, Co-Innovating, predictability through Extreme Automation and striving to Shrink your IT. The company has infused fresh thinking into future technologies like Artificial Intelligence, Virtual Reality, and Digitization and provide solutions with the millennial mindset. Read about the distinctive traits that have helped Hexaware transform enterprises, through a newer, exciting human centered process based on Design Thinking in tandem with Intelligent Process Automation.

It has following strategy focus areas:

- 1. Delighting customers, in a different way, Co-Innovate & Make things Better:** The Company challenges its team deployed in projects to think deeply about each customer problem and ReArchitect for Innovation and Smart Digitalization,

to make its customers stand out. Hexaware strongly encourages Crowdsourcing (bottom-up Innovation) for each customer from 12,100 + Hexawarians, as they believe the best of ideas actually come from people actually working on ground. Hexaware's Innovation lab has built over 160+ Proprietary tools & Accelerators on advanced technologies.

- 2. Exclusively focused on each relationship:** Hexaware is focused on acquiring only a handful of new customers every quarter and building an organization with empowered Account Managers, increased accountability and improved decision making thus ensuring every client 'Executive Attention'. This has resulted in the Customers staying for Life. The average tenure of top 10 of our customers has been 11+ years.
- 3. Our Aspiration makes us indispensable-Shrink IT Grow Digital:** Shrink IT concept is based on Hexaware's decades of IT experience, Industry predictions and firm belief that the customers IT budget could be shrunk upto 30% in the coming years. The company has championed this approach by considering factors like- Proactive Problem Management, embracing Robotic Process Automation Solution and only using Hyperconverged Technology in the infrastructure space.
- 4. Willingness to cannibalize our revenue for automation:** Traditional service providers actually find it hard to take up automation, as they would lose out in profit on T&M of resources. While automation would be catastrophic for them, the Company is willing to cannibalize its own revenue for mutual success and a lasting relationship.
- 5. Pursue strategic alliances:** We are developing alliances that complement our core competencies. We are planning with niche and state of art technology software service providers in creating, deploying, integrating and operating business solution for our clients.
- 6. Exceeded delivery promises, anti-pyramid engagement approach:** The typical difference that is experienced when working with Traditional IT players is that they extensively use fresh recruits for low-level manual tasks and too much rotation. But with Hexaware, its assigned Consultants stay with the same client account for generally four/five years, which strengthens and retains customer institutional knowledge.
- 7. Design is the Way of Life**
  - Build & Manage Hybrid environments: Hexaware powers its digital transformation further by blending traditional and cloud infrastructures. Leveraging Hybrid Cloud has helped in enabling next-generation technologies like IOT, Virtual Reality for customers.

## Directors' Report

- **Digital DNA for Business Intelligence:** With its roots deep enriched in Enterprise data management, Hexaware is committed in modernizing and transforming application environment and undertaking end-to-end digitalization journey for its customers. The strong background in rich data sets has resulted in a robust foundation for Business Intelligence.
- **Design Thinking:** Hexaware uses design thinking for creative problem-solving, rapid prototyping and solution development. For all its customer engagements, Hexaware follows this human centered process that helps in identifying unique challenges and goes about delivering the best possible experience.

There is ever increasing relevance of disruptive competitiveness of service providers like Hexaware today unlike traditional players as they can scale up and down aggressively based on client needs.

### Infrastructure:

A tangible signature of the Company's growth aspirations is its investment in infrastructure. The Company invested (in terms of outflow) ₹ 2,222.67 million in 2016 mainly in expanding its physical and technical (IT) infrastructure globally. Primarily the investment is in SEZ development i.e. Phase 2 of facility in Siruseri, Chennai and phase 1 of facility in Hinjewadi, Pune. The investments are made with an intent to serve the long term need and to provide quality support for its global delivery operations.

### Delivery Centers

#### India based Global Delivery Centers

##### Mumbai:

The Company has three Offshore Development Centers (ODCs) at Millennium Business Park in Mahape, Navi Mumbai. One of these is the registered office of the Company. There are around 1,500 employees working from these centers.

The Company's BPS arm operates out of another building in the same complex, with 1300 employees - providing BPS services to its global clients in shift mode.

The Company has also taken premises on long-term lease for its IT and BPS operation in the SEZ facility named Loma IT Park, Ghansoli, Navi Mumbai with seating capacity of 1200 employees. This will be fully operational in 2017.

##### Chennai:

There are around 3,736 IT employees working from the Company's 27 acre campus in Chennai. This campus

houses all employee-friendly amenities like recreation center, 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.

Currently seating capacity is expanded to 5,500 seats in Phase 1. The Company has also constructed Phase 2 with approximately 3300 seats.

The BPS arm also operates out of another two facilities in Chennai of which one is in SEZ. The combined strength of around 940 employees operates from these facilities.

##### Pune:

In Pune, the Company had 2 ODCs on lease in Hinjewadi Rajiv Gandhi InfoTech Park SEZ. The Company surrendered aforesaid leased premises and moved to its own SEZ campus at Hinjewadi from January, 2017. The first phase of this campus has capacity of 1900 seats with 968 seats ready to be occupied. Around 440 employees are currently operating from this campus.

##### Nagpur:

The Company owns 20 acres of land in MIHAN SEZ, Nagpur, a tier II city. This facility is currently operational with around 680 professionals and has seating capacity to accommodate 904 professionals in different shifts.

##### Bengaluru:

This facility in the India's IT capital of Bengaluru has capacity of 400 seats & the number of employees seated at office is around 240. 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:

Hexaware BPS arm has a facility in Coimbatore with 284 employees working from the facility.

### Overseas Global Delivery Centers

#### 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.

#### Alpharetta, GA (USA)

The Company has Global Delivery Centre (GDC) at Alpharetta and Sandy Springs in the state of Georgia, USA with employees strength of around 260.

#### Dunwoody, GA

The Company has Global Delivery Centre (GDC) at Dunwoody in the state of Georgia, USA with employees strength of around 180.

#### Herndon, VA (USA)

The Company has Global Delivery Centre (GDC) at Herndon in the state of Virginia, USA with employees strength of around 39.

#### Saltillo (Mexico):

The Company has a strong presence in Mexico with a near-shore Delivery Centre at Saltillo with employee's strength of around 290. 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.

#### Tver (Russia):

The Company has center in Russia for its BPS operation which has 110 employees.

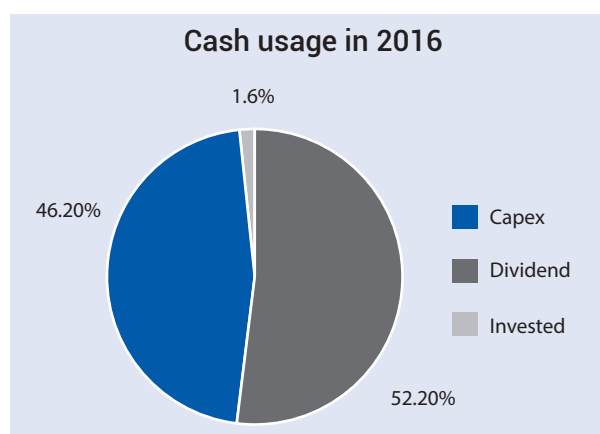
#### Bucharest (Romania):

The Centre will be made operational from 2017.

#### Cash Flow

The cash generated from operations in 2016 was ₹ 4,803.07 million. The Company has redeemed money from Mutual Fund amounting to ₹ 220.83 million (net). The Company has invested ₹ 2,222.67 million in fixed assets mainly for new development centre in Chennai and Pune. During the year, the Company paid dividend including dividend tax of ₹ 2,505.86 million.

The Company has received ₹ 13.06 million from issue of shares. As of December 31, the cash position of the Company was ₹ 4,293.98 million excluding the restricted bank balance, equivalent in USD 63.22 million. Including the Mutual Fund investments (cash equivalent), the total cash & bank balance was at ₹ 4,482.48 million equivalent USD 65.99 million.



#### Human Resource Capital

As every industry globally is being re-shaped by digital technologies, individuals are transforming themselves to stay relevant and succeed in a digital world. The focus of the Company has been to leverage digital re-imagination to drive growth and efficiency of business models, products and services, business processes as well as the workplace. This helps the Company to deliver a superior experience to every key stakeholder, viz. customers, employees, investors and the community.

The Company has proper recruitment and human resources management process. Over the last year, the Company has added 740 employees this year, taking the total strength to 12,115 from 11,375 at the end of the previous year as of December 31, 2015. The Company is focused towards attracting and retaining high caliber employees through sound and resilient human resource management process. The Company consciously enhanced gender diversity with 30% of the employees being women.

The Company continues its focus on employee retention. The Company's efforts to make Hexaware as Great Place to work with a strong focus on employees' career aspirations, rewards & recognition helped maintain attrition rate at 16.1% in FY 2016.

Recognising the fact that the workforce lives your brand, the HR team has embarked on a major branding exercise to build an engaging organization. For Making Hexaware a Great Place to Work, Company has launched Employee Assistance Program for employees, Company has tied up with counseling service provider to provide professional counseling services to the employees.

#### Talent Management - Asset Development

The Company believes that its employees are the heart of the organization; hence a large part of the management focus is to care and support its employees. The Company is future focused and is fully aware about what it needs from its talent. A significant portion of senior management focus is invested in engaging with the employees.

## Directors' Report

The Company strengthens its talent pool by providing employees with growth and talent enhancement opportunities. The Company is aware about the current market trends and is at the fore front of "Shrink IT, Grow Digital" mantra. The Company not only encourages its consultants but also provides them the right platform wherein they can innovate and provide value to customers. Brainbox is one such platform where consultants can post the ideas/innovation which can help the customers in saving the time & money. The platform has full support from the senior management. Appreciation and motivation goes a long way in encouraging consultants to give their best to the organization. The new Rewards & Recognition portal is the one stop solution for the same wherein managers can nominate the consultants for the rewards anytime of the year.

Feedback and appraisal is another very powerful tool to manage the talent in the Company. The new version of the Performance Management System is the right step in that direction. It provides the opportunity to the consultants to get the feedback from each of the projects they have worked and also an overall view about their performance and improvement areas. The system also assesses the consultants about their readiness for the next role/position. The development plan provided by the managers serves as the building blocks of the training programs designed by Hexavarsity. Due to the ever changing & evolving nature of the industry, training & reskilling is not a luxury but the norm for the consultants. The up to date training modules coupled with external trainers and various hackathons organized by the service partners help in making our consultants among the best in the industry. Also, the Technical Competency Development Program (TCDP) helps to sharpen the technical skills of the consultants according to the role that they are playing.

The Company is future focused and is fully aware about what it needs from its talent. It has a systematic structured approach of attracting, identifying, developing, engaging/retaining and deploying of those individuals with high potential who are of particular value to an organization, either in view of their high potential for the future or because they are fulfilling business/operation critical roles. The Company also understands the need to connect with the Hexaware world on a global platform and therefore has launched Facebook@Work for consultants through which they can connect, communicate & collaborate. This also helps them in connecting with various stakeholders and gives them the chance to provide their suggestions, concerns and feedback for the improvement to make Hexaware a great place to work.

The Company has a pipelined approach of identifying future talent needed by the organization, also with the Planned Development Programs nurturing them for future top positions. The HR/Learning and Development team provides clarity about expectations and the differentiated

capabilities required at different levels also helping them to work on the identified skill gap with some prominent development programs at each level.

The Company focuses on talent management through interventions like smooth process (from Hiring to retention), managing the programs as per diversity of the work force, and supporting high performers with an effective talent management system.

Last but not the least, All work & No Play, makes Jack a dull boy. The Company incorporated enough Fun@Work activities for consultants to rewind, relax & rejuvenate themselves. Funsters group, project outings and project lunch helps the team to bond together and work towards a common goal thereby taking Hexaware to its goal.

### Information Security

Today's digital enterprises face an increased exposure of cyber security threats from phishing attacks, Advanced Persistent Threat (APT) and hyper-connected universe. The Company has taken proactive steps to combat these threats and provide uninterrupted service delivery to customers.

The Company has established a comprehensive system to preserve the confidentiality, integrity and availability of information and also provides global analysis, assessment, policy, and governance for risks related to information security, privacy, business continuity, third party engagements and operational activities.

Stringent information security measures are in place in the Company to ensure business continuity and to reduce business damage by preventing and minimizing the impact of security incidents. Security controls are regularly monitored and improved up on, thereby giving confidence to our customers to do business with us.

### Quality Assurance

The Company has sustained its commitment to the highest levels of quality, best-in-class service management, robust information security practices and mature business continuity processes that have collectively helped achieve significant milestones during the year. While sustaining existing external benchmarks and certifications, we have added new certifications and further enhanced our programs and initiatives.

We continue to adhere to international quality standard certifications such as ISO 9001-2008 & Tick ITplus, ISO 27001:2013, ISO 20000-1:2011, CMMI - DEV & SVC Version 1.3 - Level 5, ISAE3402 and SSAE16 SOC-1 Type II

The Company commissioned a study on client satisfaction for 2016 by Feedback Consulting, an independent market research firm. On a scale of -100 to 100, Company scored 66.2 in fiscal 2016, as against an industry score in the range of 40.1 to 68.4.

### Benefits:

The customers / clients have benefited as a result of higher quality of delivery and support, reduction in cycle time and improved productivity. Hexaware's understanding of customer's business and technology landscape enables client value additions for efficiency improvement and cost reduction for the customer. This has resulted in high levels of customer satisfaction and repeat business. Implementing the best in class processes has trained the organization and people to be methodical and process-driven. The Company has introduced and improved upon best-of-breed industry practices and standards and thereby improved our delivery capability. Focus on quality has led to lower costs and improved efficiency within the organization.

### Company focused on Corporate Governance

The Corporate governance is about maximizing shareholder value legally, ethically and sustainably. At Hexaware, the goal of corporate governance is to ensure fairness for every stakeholder. We believe sound corporate governance is critical to enhance and retain investor trust. The Company always seeks to ensure that performance is driven by integrity. The Board exercises its fiduciary responsibilities in the widest sense of the term. The disclosures seek to attain the best practices in international corporate governance. The Company also endeavors to enhance long-term shareholder value and respect minority rights in all its business decisions.

The Company believes that Good corporate governance underpins the success and integrity of the organizations, institutions and markets. It is one of the essential pillars for building an efficient and sustainable environment.

The Company has two "Big 4" firms as auditors - Deloitte Haskins & Sells LLP as its Statutory Auditors till the date of the Annual General Meeting 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 was the winner of the prestigious Golden Peacock Award for excellence in Corporate Governance for the year 2011 and 2015 and won the Special Commendation in the year 2009 and 2013.

In compliance with Regulation 34 of the Listing Regulations, a separate report on Corporate Governance alongwith certificate from the Auditors on its compliance, is attached and forms part of this Report.

### Awards & Recognition:

The Company won the following awards / recognition in 2016:

Hexaware has won 5 awards in "Asia Outsourcing Congress & Awards 2015-16"

- Fastest Growing Outsourcing Company of the year 2015
- Best Customer Experienced Delivered by a Contact Center
- Excellence in Customer Services in the Outsourcing Industry
- Health Insurance BPO Provider
- Non - Voice Excellence Company of the year

Hexaware has won an Award for Excellence in Customer Service and a Certification of Recognition for Outsourcing Organization of the year at the Golden Globe Tiger Awards (For Outsourcing Excellence) in Malaysia.

Hexaware has been recognized and honoured for its unmatched capabilities in providing Business Process Outsourcing services to global Telecom clients at the recently concluded 'National Awards for Excellence in Outsourcing 2016' in the following categories-

- Best Outsourcing Service Providers- Telecom Industry
- Telecom Outsourcing Project of the Year

Hexaware has been awarded the prestigious CIO100 Award for Year 2016 from IDG India. The award was given in two categories for the Transformative & Collaboration initiatives done by the Company.

Hexaware has won the Brand Revitalization and Brand Excellence in IT/ITeS sector awards at the 7th CMO Asia Awards for Branding & Marketing.

Hexaware won the prestigious 'Best Process Improvement Project Award' at Golden Star Six Sigma Awards 2016.

Hexaware received Infonavit's Excellence Award for being an Employer of Merit, 2016.

Hexaware has been identified the "Best IT Service Provider" in Europe and UK, as rated by a survey of 600 end customers by whitelane Research

Hexaware ranks top among 27 different vendors in IT outsourcing client satisfaction study in Europe conducted by WhiteLane Research Dated 14th July 2016 by analyst John Leigh.

Hexaware has been mentioned as one of the major IT services providers to North American insurers in the Novarica report titled, "IT SERVICES PROVIDERS FOR INSURERS", dated February 2016, by analysts Rob McIsaac and Alex Effgen.

Hexaware has been mentioned in the Forrester report titled "The Future of Consulting Through 2020", dated 11 February 2016, by analyst Marc Cecere.

Hexaware's revenue has been mentioned to have recorded a 15% jump in the Ovum report titled "India IT Services Vendor Quarterly, 4Q15", dated 23 February 2016, by analyst Hansa Iyengar.

## Directors' Report

Hexaware has been mentioned in High potential quadrant in HfS Blueprint Grid for Successfactors services, dated March 2016, by analysts Khada De Souza and Charles Sutherland.

Hexaware has been mentioned as one of the vendors in the Gartner report titled "Market Share: IT Services, 2015" dated 06 April 2016, by analysts Kathryn Hale, Dean Blackmore, Jacqueline Heng, Twigg Lo and a few others.

Hexaware has been mentioned as one of the mid-tier player with geographic/sector specialization in API Strategy And Delivery Service Providers space in the Forrester report titled, "Vendor Landscape: API Strategy And Delivery Service Providers", dated 19 April 2016 by analyst Randy Heffner.

Hexaware has been mentioned as one of the 25 fastest-growing BPO providers in 2015 by AGR in the Gartner report titled "Market Share Analysis: Business Process Outsourcing, Worldwide, 2015" dated 10 May 2016 by analysts Cathy Tornbohm and Dean Blackmore.

Hexaware has been mentioned as one of the Midsize Players With Geographic Or Sector Specializations in the Forrester report titled, "Vendor Landscape: Integration Strategy And Delivery Service Providers", dated 23 June 2016, by analyst Randy Heffner.

Hexaware has mentioned as a Global Systems Integrator, who deployed a smartwatch application for a large retailer in the Forrester report Titled "Enterprise Business Intelligence: Now Always At Hand On Your Smartwatch—Smart watches Are No Longer Just For Collecting Data: Use Them For Instant Glanceable Insights" , by analysts Boris Evelson and Michael Facemire dated 30th June 2016.

IDC Insight provides review of the recent Hexaware's Hexarising Event in the Report Titled "Hexaware: Transforming the Customer Experience to a Digital World" Dated 19th July by Analyst David Tapper and Peter Martson.

Hexaware has been stated as an IT Service Provider providing Targeted Analytics and Building Models for specific industry verticals in the Ovum Report titled "Market Landscape: Self-Service Visual Business Intelligence/ Analytics, 2016" dated 7th July 2016 by analyst Surya Mukherjee.

Hexaware identified as High Achiever in Nelson Hall's NEAT Vendor Evaluation for Software Testing under Overall, Digital Focus, Efficiency Focus and Transformation Focus Market Segments Dated 26th July by Analyst Dominique Raviart.

Hexaware has been mentioned in "Aspirants" category in the Everest Report titled "Capital Markets BPO- Service

Provider Landscape with PEAK Matrix Assessment- 2016" Dated 9th August 2016 by Analyst Anupam Jain, Manu Aggarwal.

Hexaware has been mentioned in "Major Contenders" category and adjudged as "Star Performer" in the Everest Report titled "Multi Processing Human Resource Outsourcing Service Providers Assessment 2016" Dated 16th August by Analyst Anil Vijayan and Rajesh Ranjan.

Hexaware has been mentioned in "Major Contenders" category and adjudged as "Star Performer" in the Everest Report titled IT Outsourcing in Global Capital Markets Service Providers Assessment 2016 Dated 16th September by Analyst Ankur Seth and Aadithya Jain.

Hexaware has been mentioned in "Major Contenders" category and in the Everest Report titled Life Sciences Digital IT Services PEAK Matrix Assessment 2016 dated 22nd September bY Analyst Jimit Arora.

Hexaware's Raise IT Platform has been mentioned among the vendors offering cognitive Automation platforms in the IDC Report titled "Automatic Decisions: Rise of the Service Provider Cognitive Platforms " dated 11th October 2016 by Analyst David Tapper.

Hexaware has been mentioned among the Consulting, BPO and IT Outsourcing Providers Deploying RPA solution in the Market in the Gartner Report Titled "Robotic Process Automation: Eight Guidelines for Effective Results" dated 12 October 2016 by analyst Cathy Tornbohm.

Hexaware has been mentioned as one of the established providers have pivoted to SaaS in the Forrester Report titled "Vendor Landscape: Oracle Services Providers Aggressively Pivot To Cloud Solutions" dated 19th October 2016, by analyst Liz Herbert.

Hexaware has been positioned in "Star Performer and Major Contender" category in the Everest Report Titled Health Care Payer IT AO PEAK Matrix dated 31st October 2016 by analyst Jimit Arora.

Hexaware has been positioned in "Star Performer and Major Contender" category in the Everest Report Titled ITO In Insurance PEAK Matrix dated 30th November 2016 by analyst Jimit Arora.

Hexaware has been positioned in "Major Contender" category in the Everest Report Titled Healthcare Service Providers PEAK Matrix dated 30th November 2016 by analyst Jimit Arora.

Forrester mentions Hexaware as STAR PERFORMERS in their Wave Report Titled "Application Outsourcing for Mid-Size Providers, Q4 2016", dated 14th December by Analyst Somak Roy.

## Risk Management

The Company has well defined Enterprise Risk Management (ERM) framework in place. The primary objective of ERM function is to implement a framework that augments risk response decisions and reduce surprises. ERM programme involves risk identification, assessment and risk mitigation planning for strategic, operational & financial and compliance related risks across various levels of the organization.

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 Board has formed Strategy and Risk Committee to oversee activities related to risk minimization.

The details of risk faced by the Company is discussed in detail in the Management Discussion and Analysis section of this Annual Report.

## 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/ Cyber Liability/General Liability:

In a global services business, customers insist on taking suitable Insurance covers including Errors & Omission (Professional Indemnity), Cyber Liability 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 claims 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 emanating 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 / Employee Benefits:

The Company has insured its various properties & facilities against the risk of fire, theft etc. so that financials are not impacted by such unfortunate events. The employees of the Company are covered under various employee benefit insurance that provide cover for Hospitalization, Accidental Disability and Death.

## Internal Financial Control Systems

The Company has a proper and adequate system of internal controls. This ensures that all transactions are authorised, recorded and reported correctly and assets are safeguarded and protected against loss from unauthorized use or disposition. In addition there are operational controls.

The Company has adopted accounting policies which are in line with the Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 that continue to apply under Section 133 and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and relevant provisions of the Companies Act, to the extent applicable. These are in accordance with generally accepted accounting principles in India. Changes in policies, if any, are approved by the Audit Committee in consultation with the Statutory Auditors.

The policies to ensure uniform accounting treatment are prescribed to the subsidiaries of your Company. The accounts of the subsidiary companies are audited and certified by their respective Auditors for consolidation.

The Board has adopted the policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial disclosures.

The Company has audit committee comprising of 5 (Five) professionally qualified and well experienced Directors, who review the operational efficiency, adequacy and effectiveness of systems, processes, and Internal finance control of the Company.

In addition to this, the Company continues to engage KPMG as its Internal Auditor. The 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. During the year, the Company continued to implement suggestions and recommendations by the Internal auditor and audit committee to improve the control environment.

The further details regarding internal financial control are included in the Management Discussion and Analysis, which form part of this report. Report of statutory auditor on the internal financial control is also included in this Annual report on page 112 and 136.

## Directors' Report

### HexaVarsity

#### HexaVarsity - Organizational Development (OD) Initiative

The Company launched the Organizational Development (OD) initiative, Ignite, in 2015. The purpose of the OD initiative was to equip the leaders to succeed in their roles and develop the potential of the employees in the context of the organizational growth and realignment of the organization structure and process.

The philosophy of the initiative is to 'Ignite the Genius Within!'

The objective of Ignite was to design and deliver a leadership development program that:

- re-energizes and re-boots for action polishes and sharpens competencies to boost performance in leadership roles acts as a catalyst to ignite creativity

Ignite programs for key leadership roles:

- Mindset Analysis Workshops
- Bootstraps (Hard skills)
- LEAP - Leadership Excellence Achievement Program (Behavioral competencies)

Ignite programs for Managers & Leads:

- Creative Management Workshop mLEAP - Leadership Excellence Achievement Program for Managers (Behavioral competencies)

Special Programs:

- BA2BC - Business Analyst to Business Consultant
- Design Thinking Workshop

Ignite programs are built around the key competencies of Accountability and Ownership, Strategic Thinking, Planning, Collaboration and Customer Focus.

In 2015, the Company's focus was to ensure that the initiative was perceived as truly developmental, with special focus on knowledge acquisition and retention.

The company covered 68% of its target audience by the end of 2015 and 79.6% of by mid-2016.

The programs were delivered across locations using a blend of methodologies such as Instructor-Led Training (ILT), virtual and e-learning.

The key leadership roles covered under Ignite in 2015 were ASDMs, Account Managers, Hunters, Overlay Sales, Competency Heads, and Practice and Solution Heads

In 2016 the company also extended the Ignite programs to cover the managers and leads reporting in to the leaders who had completed the Ignite program. A new set of programs were created and are being delivered across locations.

### English Language Development

A key OD initiative for 2016 was to identify and use a tool for English Language Development. The company uses the Burlington English Tool for this purpose. Development on this tool is used to up-scale the English language skill and abilities of employees at various levels. The tool measures and rates the English language ability and skill of the employee before and after development on the CEFR rating scale.

The Common European Framework of Reference for Languages (CEFR) is an international standard for describing language ability. It is used around the world to describe learners' language skills.

The company had 80 employees complete development programs on the tool in 2016 and over 25% of them have moved up to the highest CEFR level possible (C1) on the tool. Over 140 employees are undergoing development on the tool currently.

#### CTaDel - Customer Centric Talent Development Program

HexaVarsity has launched the CTaDel initiative in January 2015 to address the account specific learning and development needs. Dedicated team members are assigned from both HexaVarsity and the accounts to work together on this initiative.

In 2016, the Company chose the overall Category "A" accounts (including Top 20) of Hexaware to cater to their account specific learning and development needs.

The company has covered 63% of the targeted Category "A" accounts.

The following are offerings provided through the CTaDel initiative,

1. Account specific training and certifications
2. Account specific knowledge management
3. Account specific content creation
4. Account specific custom learning plan

**Link-N-Learn:** This is a weekly connect program to share and learn with peer group placed across locations.

The objective of this initiative is to share and learn from best practices, experiences, solutions, challenges, and successes.

This initiative was kick started in 2015 and completed around 30 sessions across various verticals and horizontals.

#### Fresher Training Program (FTP)

The Fresher Training Program (FTP) is a HexaVarsity initiated program designed and delivered exclusively for fresh graduate recruits, management trainees (MT)

and senior management trainees (SMT). The program includes a series of technical and behavioural trainings and assessments for Engineering, Management and B.Sc. / B.Com / B.A. graduates to enable them to be work ready and deployable.

FTP courseware restructuring was completed with introduction of Gamification in courses and real-time/practical question banks in assessments.

#### Technical Competency Development Program (TCDP)

The Technical Competency Development Program (TCDP) is a HexaVarsity initiative aimed at developing the technical competencies of the Hexaware workforce. The competencies mapped to each role are documented in the Technical Quotient (TQ) frameworks and are uniquely defined for each unit. Horizontals and Verticals participated in the courseware revamp to keep the courses and assessments up to date. Role based Learning plans were enhanced with assessment tracking features.

#### Professional Certification and Incentives

- Currently 2,099 employees have been certified in the system.
- 1027 overall certifications in 2016 by 810 unique employees
- 8 in-house certification drives were organised in 2016 and 142 employees participated from across locations.
- 975 hours have been spent on developing internal e-contents and hosting on the knowledge management portal.

#### Related party transactions

During the financial year 2016, the Company has entered into transactions with related parties as defined under Section 2(76) of the Companies Act, 2013 all of which were in the ordinary course of business and on arm's length basis and in accordance with the provisions of the Companies Act, 2013, read with the Rules issued thereunder and the Listing Regulations.

There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

All Related Party Transactions are placed before the Audit Committee and also the Board for approval. The policy on Related Party Transactions is uploaded on the Company's website.

The details as required to be provided under Section 134(3) (h) of Companies Act, 2013 are disclosed in form AOC-2 as Annexure 2 and form part of this Annual Report.

Policy on dealing with related party transaction is available on the website of the Company. <http://hexaware.com/investors/>

Policy on determining material subsidiaries of the Company is available on the website of the Company. <http://hexaware.com/investors/>

#### Employee Stock Option Plans (ESOP)

Pursuant to the approval of the shareholders, the Company has instituted various Employee Stock Option Schemes for all eligible employees, directors (excluding promoter directors) of the Company and employees of its subsidiaries. All the plans are administered by the Nomination & Remuneration Committee of the Board.

During the year 2016, 4,65,298 options were exercised and the Company allotted 4,65,298 equity shares of INR 2/- each to the employees on such exercise. These shares have been listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited. 1,048,312 Restricted Stock Units (RSUs) were granted under 2015 schemes during the year 2015, as explained below:

On February 03, 2016, 295120 RSUs were granted exercisable at a price of ₹ 2/- under the Employee Stock Option Scheme 2015 convertible into equal number of equity shares of the company.

On July 28, 2016, 238,592 RSU's were granted with exercise price of ₹ 2/- to Mr. R Srikrishna, CEO & Executive Director under the Employee Stock Option Scheme 2015 convertible into equal number of equity shares of the company.

On October 24, 2016, 514,600 Restricted Stock Units (RSUs) were granted at a price of ₹ 2/- under the Employee Stock Option Scheme 2015 convertible into equal number of equity shares of the company.

Details of the shares issued under Employee Stock Option Plan (ESOP), and also the disclosures in compliance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 are available on the website of the company at the following link : <http://hexaware.com/investors/> No employee was issued Stock Option, during the year equal to or exceeding 1% of the issued capital of the Company at the time of grant.

#### Fixed deposits

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

#### 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 134(3) (m) of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 is annexed and forms part of the report.

## Directors' Report

### Directors' Responsibility Statement

Pursuant to Section 134 (3) (c) and (5) of the Companies Act, 2013, the Directors confirm the following:

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed and there were no material departures;
- (b) 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 and loss of the company for that period;
- (c) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors have prepared the annual accounts on a going concern basis; and
- (e) the directors, have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- (f) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

### Directors and Key Managerial Personnel

Mr. P R Chandrasekar having DIN 02251080 was re-appointed as Non Executive Director of the Company for one year w.e.f January 1, 2017 on the existing terms and conditions including remuneration.

Mr. Bharat Shah (DIN number 00136969) and Mr. Dileep Choksi (DIN 00016322) were re-appointed as Independent Directors for a period of three years w.e.f October 17, 2016.

### Re-appointments/ Retirement by rotation

In accordance with the provisions of Companies Act, 2013, Mr. P R Chandrasekar and Mr. Atul Nishar, Directors of the Company, retire by rotation at this Annual General Meeting and, being eligible; offers themselves for re-appointment at the Annual General Meeting.

The information of Directors seeking appointment / re- appointment/ retirement by rotation at the Annual General Meeting to be given to the shareholders as per regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is being provided separately in the on Page No. 95 & 96 of this Annual Report. Members are requested to refer the said section of the Corporate Governance Report.

### Number of Meetings of the Board

Six Meetings of the Board were held during the year. For details of the meetings of the Board, you may refer to the corporate governance report, which forms part of this Annual report.

### Declaration by Independent directors

The Independent Directors have submitted a declaration that each of them meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and there has been no change in the circumstances which may affect their status as Independent Director during the year.

### Board Evaluation

The Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 mandates evaluation of performance of Independent Directors, non-Independent Directors and Chairperson. The Companies Act, 2013 states that a format annual evaluation needs to be made by the Board of its own performance and that of its committees and individual Directors. Schedule IV of the Companies Act, 2013 states that the performance evaluation of Independent Directors shall be done by the entire board of Directors, excluding the director being evaluated.

The performance of the Board was evaluated by the Board after seeking inputs from all the directors on the basis of the criteria such as the Board composition and structure, effectiveness of board processes, information and functioning, etc.

The performance of the committees was evaluated by the board after seeking inputs from the committee members on the basis of the criteria such as the composition of committees, effectiveness of committee meetings, etc.

The Board and the Nomination and Remuneration Committee ("NRC") reviewed the performance of the individual directors on the basis of the criteria approved by the Board.

In a separate meeting of Independent Directors held on 22nd December, 2016, performance of Non-Independent directors, performance of the board as a whole and performance of the Chairman was evaluated.

Further SEBI vide its guidance note dated January 5, 2017 has suggested process / practise that may be adopted by the Companies for performance evaluation. The Company is in process of evaluating the required changes, if any, in performance evaluation process as per the SEBI guidance note.

### Training of Independent Directors

To familiarize the Independent Directors with the strategy, operations and functions of the Company, the Executive Director and Senior Managerial personnel make presentations at the Board Meeting about Company's operations, markets, financial results, human resources and on other important aspects.

The terms and conditions of the appointment of every Independent Director is available on the website of the Company at: <http://hexaware.com/investors/>

Details of the familiarization programme of the independent Directors are available on website of the Company at <http://hexaware.com/investors/>

### Committees of the Board

The following Committees of the Board existed till 25th October, 2016:

1. Audit, Governance & Compliance Committee
2. Nomination & Remuneration Committee
3. Stakeholders Relationship Committee
4. Capital Issue Committee
5. Banking, Investments, Operations & Forex Committee
6. Corporate Social Responsibility Committee
7. Infrastructure Committee
8. Special Committee for Internal Automation

The Board of Directors have re-constituted all the committees in the Board meeting held on 25th October, 2016. Currently the following committees exist:

1. Audit, Governance & Compliance Committee
2. Nomination & Remuneration Committee
3. Stakeholders Relationship Committee
4. Corporate Social Responsibility Committee
5. Strategy and Risk Committee

The details of the composition of the committee and attendance of the Directors at the meetings of Committees of the Board are provided in the Corporate Governance report.

### Policy on directors and Key Managerial Personnel appointment and remuneration and other details

The Company's policy on directors and Key Managerial Personnel appointment and remuneration and other matters provided in Section 178(3) of the Act has been disclosed in the corporate governance report.

### Whistle blower policy

The Company has established a vigil mechanism/framed a whistle blower policy. The policy enables the employees

and other stakeholders 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. The provisions of this policy are in line with the provisions of Section 177 (9) of Companies Act, 2013. The policy is available on the website of the company at : <http://hexaware.com/investors/>

### Statutory Auditor

M/s. Deloitte Haskins & Sells LLP retire at this Annual General Meeting and the Board of Directors at its meeting held on February 7, 2017 have recommended appointment of Price Waterhouse Chartered Accountants LLP, as the Statutory Auditors of the Company in place of Deloitte Haskins & Sells LLP - Chartered Accountants, Mumbai, existing Statutory Auditors of the Company.

In terms of provisions of section 139 of the Companies Act, 2013 M/s. Price Waterhouse Chartered Accountants LLP have furnished a certificate that their appointment, if made, will be within the limits prescribed under the said section of the Act. As required under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, they have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

There are no qualifications, reservations or adverse remarks made by the statutory auditors in their audit reports on the financial statements for the year ended December 31, 2016.

### Internal Auditor

Internal Audit for the year ended 31st December, 2016 was done by KPMG and Internal Audit report for every quarter was placed before the Audit Committee.

### Secretarial Auditor

M/s. Makarand M Joshi & Co., Practising Company Secretary was appointed to conduct the Secretarial Audit of the Company for the year ended 31st December, 2016 as per the provisions of Section 204 of the Companies Act, 2013 read with rules made thereunder. The Secretarial Audit report for the year ended 31st December, 2016 is annexed to Board's report as Annexure 3 There are no qualifications, reservations or adverse remarks made by Secretarial Auditor in his report.

### Buyback of Shares:

On October 25, 2016, the Board approved a proposal for buyback up to 5,694,835 equity shares of the Company for an aggregate amount not exceeding ₹ 1,366,760,400, being 12% of the total paid up equity share capital, securities

## Directors' Report

premium and free reserve as per audited accounts of the Company as on September 30, 2016 at ₹ 240 per equity share on a proportionate basis under the tender offer route in accordance with the provisions contained in the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 and the Companies Act, 2013 and rules made thereunder. The same was approved by members by passing Special Resolution on 22nd December, 2016 through postal ballot. The letter of offer was sent to all the Shareholders of the Company as on record date i.e January 6, 2017. The Buyback offer opened on February 02, 2017 and closed on February 15, 2017. The final settlement date for buyback was February 22, 2017 and Extinguishment of Shares was completed by March 01, 2017. The Company bought back 5,694,835 equity shares of the Company for an aggregate amount of ₹ 1,366,760,400/-. The number of Equity Shares outstanding post buyback are 296,333,360 Shares of ₹ 2/- each. Further details / documents relating to buyback are available on our website at <http://hexaware.com/investors/>

### Merger of wholly owned subsidiary :

On October 25, 2016, the Board gave an in-principle approval for the merger of M/s. Risk Technology International Limited, Wholly Owned Subsidiary with the Company and Scheme of Merger was approved by the Board at its meeting held on March 8, 2017.

### Significant/Material Orders Passed by the Regulators

There are no significant material orders passed by the Regulators or Courts or Tribunals impacting the going concern status of your Company and its operations in future.

### Corporate Social Responsibility

Pursuant to the provisions of section 135 of the Companies Act, 2013, the Company spent INR 41.21 Million towards CSR activities for the year ended 31st December 2016. The contents of the CSR policy and initiatives taken by the Company on Corporate Social Responsibility during year ended on 31st December 2016 as per the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014 is attached as Annexure 4 to this Report and CSR policy of the Company is available on our website at [www.hexaware.com](http://www.hexaware.com). The Composition of CSR Committee is given in the Corporate Governance Report.

During the year, the Company has spent INR 41.21 Millions on its CSR activities. The projects undertaken by the Company during last year and current year were of long term period thus resulting in lesser utilization of earmarked budget for the current financial year. The Company is in continuous process of evaluating strategic avenues for

CSR expenditure. As a socially responsible company, the Company is committed to increase its CSR impact over the coming years, with its aim of playing a larger role in India's sustainable development by embedding wider economic, social and environmental objectives.

### Extract of annual return

As provided under Section 92(3) of the Act, the extract of annual return in the prescribed Form MGT-9, forms part of this report as Annexure 5 .

### Financial year

The company has received an order from the Company Law Board under section 2 (41) of the Companies Act, 2013 for continuing January to December as its financial year. Hence the Company will maintain its financial year from January 1 to December 31.

### Particulars of Directors and Employees

The table containing information as per rule 5 (i) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 is enclosed as Annexure 6 to the Board Report.

The statement containing particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate annexure forming part of this report. Further, the report and the accounts are being sent to the members excluding the aforesaid annexure. In terms of Section 136 of the Act, the said annexure is open for inspection at the Registered Office of the Company. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary.

### Disclosure as required under Section 22 of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company as an organization is committed to provide a healthy environment to all the employees and thus does not tolerate any discrimination and/or harassment in any form. The Company has in place a Prevention of Sexual Harassment (POSH) policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Frequent communication of this policy is done through various programs and at regular intervals to the employees.

The Company has setup an Internal Complaints Committee (ICC) both at the registered office and at every location where it operates in India in accordance with the Act and has representation of men and women and is chaired by senior lady member and has an external women representation.

Workshops and awareness programmes are organized for sensitising the employees with the provisions of the Act and orientation programmes for the members of the Internal Committee.

The following is the summary of the complaints received and disposed off during the financial year 2016:

- a) No. of complaints received in the year: NIL
- b) No. of complaints disposed off: NIL
- c) No. of complaints pending : NIL

### Green initiatives

The Company started a sustainability initiative with the aim of going green and minimizing the impact on the environment. Like the previous years, this year too, the Company is publishing only the statutory disclosures in the print version of the Annual Report. Additional information is available on our website, [www.hexaware.com](http://www.hexaware.com).

Electronic copies of the Annual Report 2016 and Notice of the 24th Annual General Meeting are being sent to all members whose email addresses are registered with the Company / Depository Participant(s). For members who have not registered their email addresses, physical copies of the Annual Report 2016 and the Notice of the 24th Annual General Meeting are being sent in the permitted mode. Members requiring physical copies can send a request to the Company.

The Company provides e-voting facility to all its members to enable them to cast their votes electronically on all

resolutions set forth in the Notice. This is pursuant to the Section 108 of the Companies Act 2013 and Rule 20 of the Companies (Management and Administration) Amendment Rules, 2015.

### Business Responsibility Report

The 'Business Responsibility Report' (BRR) of the Company for the year 2016 forms part of this Annual Report as required under Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### Acknowledgment

The Directors place on record their sincere appreciation of the customers, Government of India and of other countries, 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

**Atul K. Nishar**  
Chairman

Place : Mumbai  
Date : March 8, 2017

### 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 134 (3) (m) OF THE COMPANIES ACT, 2013, 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 has installed 90KW Rooftop solar system in its Siruseri Campus in the year 2014. Power generated in 2016 from

this system is 1, 27,739 units. This results in avoiding of Green House Gas emission of about 76 tons of CO<sub>2</sub>.

Another 130KW Rooftop solar power plant is installed on 14.02.2016. Power generated in year 2016 from this system is 179,536 units and avoids Green House gas emission of 107 Tons of CO<sub>2</sub>.

"Aerators" are installed in wash basin taps at pantry, food court and rest rooms to minimize water usage. 30KL per day and 7920KL per annum (22 working days/month) is saved in year 2016.

Wind energy to the tune of 70 lakh units is availed in year 2016 through 3rd party Private power agency.

About 4 lakhs Units are saved in year 2016 by running low capacity air cooled screw chillers (with modified pumping system and interlinking of all blocks) instead of high capacity water cooled centrifugal chillers for after office comfort AC support during working days and holidays.

OWC (Organic Waste Converter) is installed at Siruseri campus to convert garden and food court waste into manure.

2000 ltrs capacity Solar water heater is installed at Siruseri campus food court terrace for kitchen vessel cleaning purpose.

STP water is treated and used for gardening @160 KL per day (working day) in year 2016. 42240 KL STP treated water is recycled and reused. The Company undertakes several green campaigns throughout its locations.

## Directors' Report

### Technology Absorption:

The Company has proven track record as a key differentiator, for commitment and investments towards technology and Innovation. 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.

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.

Hexaware Innovation lab is staffed by dedicated Innovation architects, super coders & as well as consultants by rotation working here to exchange ideas and produce the desired results. Innovation lab pursues all R & D activities within the organization. The innovation lab is an enabler to drive customer's business objectives. It's not a pure play R&D lab, rather more aligned to our business and our customer needs. The key goal of this lab is to drive thought leadership & future proofing for Hexaware & its customers.

Key focus area for the R&D lab is Robotics Automation, Digital enterprise & Data driven insights

### Robotic Automation

Automations have come a long way from the decade of 90s. From being a feature set of system architecture, automations have become intrinsic and omni-present in every integral point of a machine. Machine Learning and Natural Language processing have now become the feature set of today's artificially intelligent systems. Innovation Labs works on extreme automations, Digital Assistants, Machine Learning has one common vision, taking business automation with cognizance.

Hexaware's RaiseIT-AutomatON suite is a trans-automation platform built with the purpose to achieve digital autonomies for an organization. Platform helps in managing L1 & L2 tickets in application maintenance services projects in an autonomous manner.

The Platform can harvest bots that mimic humans, provides extreme automation, self-heal application incidents and enable cognitive capabilities to work on the whole gamut of business processes. Automation platform can work through the scope of IT system automation around the following lines;

- Rule-Based: Failures, Events & Triggers
- Data-Based: Incidents, Pattern recognition / data construction & Knowledge Base,
- Human Based: Process, Transaction & Support
- Apps Based: Workflow, Business Process & Monitoring
- AI-Based: Optimization, Predictive & Self-healing

The Bot portfolio covers a wide area of application & technology spectrum from Mainframe to Cloud applications. Hexaware's automation helps in transforming SLA goals from response time to resolution time in nano-scale. Solution autonomously handles service requests, manages incidents towards delivering quality and outcome through increase in agility & velocity of the underlying business processes to drive digital transformation. Solution helps customers transition from cross border workforce to Bot orchestration.

### Digital Enterprise

Every decade the industry faces a new class of consumers. We live in period, where consumers are 'Digitally Entitled'. The playbook for the digitally entitled consumers is dynamic and time honored, informative and collaborative. At innovation Labs, we rightly cater to the new-age consumers with solutions that offer Enterprise class solutions built using disruptive technologies.

Hexaware believes customer experience is not about visual design and usability. It's about how the Company reimagines every step of the customer & employee journey & their touch points by providing a better Human computer interactions. Hexaware Innovation lab has built & launched solutions & IP's powered by artificial intelligence to enable enterprises in providing multi-channel engagement to their employees and customers. Multi-channel engagement covers whole host of human computer interactions including voice, emotion, gestures, visuals, touch & messaging. This includes Virtual personal assistants, Social & enterprise messaging platforms, partnership with leading Cognitive platforms, Wearables, Virtual Reality, Augmented & Mixed reality platforms.

Currently Hexaware is applying disruptive solutions in the front office automation space covering B2C & B2E segments.

### Data driven insights

Data is the new oil. Physical assets & applications generate huge amount of information that could provide an insight to the systems which could eventually redefine the working model of enterprises. Arriving at actionable insights through business intelligence programs & analytical thoughts has been one of the core focus area of Innovation Labs. From the intuitive tools for Business intelligence created, we ensure that our customers could have the revolutionary insights.

Hexaware's connected Internet of Things framework connected via 'smart' devices interlinked over the network enables customers in creating innovative business models. The connected things produce vast amounts of data intelligence, leading to the rise of new services, which not only complements existing business models, but also open up new revenue streams.

Hexaware IOT platform is built in partnerships with best of breed IOT providers leverages Hexaware's big leap platform to drive data driven intelligence. Hexaware's connected solutions target industry segments including Leasing, Logistics, travel, transportation & Insurance Industries.

### Foreign Exchange Earnings and Outgo:

The details of Foreign Exchange Earnings and Outgo are mentioned in Note No. 31 to 34 of the Notes forming part of the Standalone Financial Statements of the Company.

For and on behalf of the Board of Directors

**Atul K. Nishar**  
Chairman

Date: March 8, 2017  
Place: Mumbai

# ANNEXURE - 1

## FORM - AOC 1

Statement Pursuant to Section 129(3) of the Companies Act, 2013 containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

### a) Subsidiaries

| Sr. No.                                                                                                            | 1                              | 2                            | 3                          | 4                                          | 5                                               | 6                                | 7                                 | 8                                           | 9                                                                 | 10                              | 11                                | 12                                 |
|--------------------------------------------------------------------------------------------------------------------|--------------------------------|------------------------------|----------------------------|--------------------------------------------|-------------------------------------------------|----------------------------------|-----------------------------------|---------------------------------------------|-------------------------------------------------------------------|---------------------------------|-----------------------------------|------------------------------------|
| Name of the Subsidiary                                                                                             | Hexaware Technologies Inc- USA | Hexaware Technologies UK Ltd | Hexaware Technologies GMBH | Hexaware Technologies Asia Pacific Pte Ltd | Hexaware Technologies Ltd - Mexico, R.L De C.V. | Hexaware Technologies Canada Ltd | Risk Technology International Ltd | Hexaware Technologies DO Brazil Ltd, Brazil | Guangzhou Hexaware Information Technologies Company Limited-China | Hexaware Technologies Saudi LLC | Hexaware Technologies Romania SRL | Hexaware Technologies LLC - Russia |
| Reporting currency and exchange rate as on the date of the relevant financial year in case of foreign subsidiaries | USD 67.9250                    | GBP 83.4625                  | Euro 71.6575               | SGD 47.0075                                | MXN 3.2801                                      | CAD 50.3900                      | INR                               | BRL 20.8794                                 | CNY 9.7861                                                        | SAR 18.1125                     | RON 15.7881                       | RUB 1.1088                         |
| Share Capital/ share application money pending allotment                                                           | 545.55                         | 180.86                       | 12.96                      | 23.50                                      | 26.53                                           | 1.18                             | 95.00                             | 0.37                                        | 6.49                                                              | 9.06                            | 1.78                              | 174.34                             |
| Reserve and Surplus                                                                                                | 2,386.99                       | 227.57                       | 247.48                     | 92.17                                      | 282.66                                          | 74.47                            | (26.21)                           | 3.19                                        | (4.70)                                                            | (2.71)                          | (2.08)                            | (55.63)                            |
| Total Assets                                                                                                       | 8,072.53                       | 923.88                       | 330.69                     | 251.44                                     | 415.63                                          | 87.40                            | 1,427.26                          | 17.65                                       | 1.79                                                              | 9.76                            | 35.68                             | 156.58                             |
| Total Liabilities                                                                                                  | 5,139.99                       | 515.45                       | 70.25                      | 135.77                                     | 106.44                                          | 11.75                            | 1,358.47                          | 14.09                                       | -                                                                 | 3.41                            | 35.98                             | 37.87                              |
| Investments                                                                                                        | 0.02                           | 2.00                         | 0.18                       | 16.95                                      | -                                               | -                                | -                                 | -                                           | -                                                                 | -                               | -                                 | -                                  |
| Turnover                                                                                                           | 25,250.24                      | 2,661.26                     | 809.29                     | 463.93                                     | 821.19                                          | 109.06                           | -                                 | 45.03                                       | -                                                                 | -                               | -                                 | 54.95                              |
| Profit / (Loss) before taxation                                                                                    | 948.37                         | 89.14                        | 27.73                      | (59.34)                                    | 169.93                                          | 8.77                             | (8.17)                            | 2.87                                        | (3.54)                                                            | (2.71)                          | (2.08)                            | (49.34)                            |
| Provision for taxation                                                                                             | 386.15                         | 14.86                        | 8.96                       | -                                          | 51.99                                           | 2.34                             | -                                 | 1.11                                        | -                                                                 | -                               | -                                 | -                                  |
| Profit / (Loss) after taxation                                                                                     | 562.22                         | 74.28                        | 18.77                      | (59.34)                                    | 117.94                                          | 6.43                             | (8.17)                            | 1.76                                        | (3.54)                                                            | (2.71)                          | (2.08)                            | (49.34)                            |
| Proposed Dividend                                                                                                  | Nil                            | Nil                          | Nil                        | Nil                                        | Nil                                             | Nil                              | Nil                               | Nil                                         | Nil                                                               | Nil                             | Nil                               | Nil                                |
| % of shareholding                                                                                                  | 100%                           | 100%                         | 100%                       | 100%                                       | 100%                                            | 100%                             | 100%                              | 100%                                        | 100%                                                              | 100%                            | 100%                              | 100%                               |

### b) Associates

| Name of the Associate                                    | Experis Technology Solutions Pte Ltd |
|----------------------------------------------------------|--------------------------------------|
| Latest Balance Sheet Date                                | 31st December 2016                   |
| Shares of Associates held by the company on the year end | 250,000                              |
| Amount of Investment in Associates (₹ Million)           | 16.95                                |
| Extent of Holding (in percentage)                        | 20%                                  |
| Profit or Loss for the year                              | -                                    |

### Notes :

- 1) Experis Technology Solutions Pte Ltd is formed w.e.f 16th December 2016. The Company is yet to start operation.
- 2) Hexaware Technologies Saudi LLC has received investment license, registration is under process.
- 3) Hexaware Technologies Romania SRL, subsidiary of Hexaware Technologies UK Ltd, is formed on 28th September 2016.

For and on behalf of the board of Directors

**Atul K. Nisar**  
Chairman

Place : Mumbai

Date : February 7, 2017

## Directors' Report

### ANNEXURE - 2

#### FORM NO. AOC-2

(Pursuant to Clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014

Form for disclosure of particulars of contracts /arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto.

|     |                                                                                             |                                                                                                                                                                                                                                                                                                                                                                 |
|-----|---------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1   | Details of contracts or arrangements or transactions not at arm's length basis              | There are no contracts or arrangements or transactions with related parties which are not at arm's length                                                                                                                                                                                                                                                       |
| 2   | Details of material contracts or arrangements or transactions at arm's length basis         |                                                                                                                                                                                                                                                                                                                                                                 |
| (a) | Name(s) of the related party and nature of relationship:                                    | Wholly owned subsidiaries                                                                                                                                                                                                                                                                                                                                       |
|     |                                                                                             | Hexaware Technologies Inc, USA ("HTInc")                                                                                                                                                                                                                                                                                                                        |
|     |                                                                                             | Hexaware Technologies UK Limited, UK ("HTUK")                                                                                                                                                                                                                                                                                                                   |
| (b) | Nature of contracts/arrangements/transactions:                                              | Software, consultancy and ITES income                                                                                                                                                                                                                                                                                                                           |
| (c) | Duration of the contracts / arrangements/transactions:                                      | Ongoing.                                                                                                                                                                                                                                                                                                                                                        |
| (d) | Salient terms of the contracts or arrangements or transactions including the value, if any: | The Company shall provide IT/ITES Offshore Services (generally services are performed in India) to HTI and HTUK's clients including Where required, providing necessary support to Hexaware-Canada including monitoring and supervisory support in relation to the delivery of software solutions and customization, testing and installation and ITES services |
|     |                                                                                             | During the year, the total income earned from HTInc and HTUK is ₹ 6,362.66 million and ₹ 1,010.92 million                                                                                                                                                                                                                                                       |
| (e) | Date(s) of approval by the Board, if any:                                                   | Not applicable, since the contract was entered into in the ordinary course of business and on arm's length basis.                                                                                                                                                                                                                                               |
| (f) | Amount paid as advances, if any:                                                            | Nil                                                                                                                                                                                                                                                                                                                                                             |

### ANNEXURE - 3

#### FORM NO. MR.3

### SECRETARIAL AUDIT REPORT

For The Financial Year Ended 31st December, 2016

[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
**Hexaware Technologies Limited**  
152, Millennium Business Park,  
Sector - III, 'A' Block, TTC Industrial Area,  
Mahape, Navi Mumbai - 400710

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Hexaware Technologies Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st December, 2016 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st December, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;

- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment (External Commercial Borrowings are not Applicable to the Company during the Audit Period);
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 & the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not Applicable to the Company during the Audit Period);
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 notified on 28 October 2014
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not Applicable to the Company during the Audit Period);
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not Applicable to the Company during the Audit Period); and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India
- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Herein after Listing Regulations)

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**We further report that**, having regard to the compliance system prevailing in the Company and on the examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following law applicable specifically to the Company:

- The Special Economic Zone Act, 2005
- Policy relating to Software Technology Parks of India and its regulations

#### **We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

**We further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

## Directors' Report

We further report that during the audit period the Company has

- A. Allotted 4,65,298 Equity Shares pursuant to Exercise of the Option granted under different schemes of the Company.
- B. The Board of Director in the Meeting dated 25.10.2016 approved the proposal for Buyback of 5694835 Equity Shares at Maximum ₹ 240/- per share , which is more than 10% of paid up capital and free reserve and for which the Company has passed the Special Resolution via postal ballot dated 22nd December, 2016.
- C. Submitted Audit Report to Securities and Exchange Board of India ('SEBI') as mandated by SEBI vide order dated 22nd March, 2016 on records and systems of Sharepro services (India) Private Limited with respect to dividends paid and transfer of securities to actual /beneficial shareholders for preceding last ten years.

**For Makarand M. Joshi & Co.**

**Makarand Joshi**  
Partner  
FCS No. 5533  
CP No. 3662

Place: Mumbai  
Date: March 2, 2017

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## 'ANNEXURE A' to Secretarial Audit Report

To,  
The Members,  
Hexaware Technologies Limited  
152, Millennium Business Park,  
Sector - III, 'A' Block, TTC Industrial Area,  
Mahape, Navi Mumbai - 400710

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**For Makarand M. Joshi & Co.**

**Makarand Joshi**  
Partner  
FCS No. 5533  
CP No. 3662

Place: Mumbai  
Date: March 2, 2017

## ANNEXURE - 4

### CSR Report - 2016

**1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.**

Hexaware Technologies Limited (Hexaware) is committed to contributing towards its societal responsibilities beyond statutory obligations. HEXAWARE's Corporate Social Responsibility (CSR) initiative aims to broaden the vision of being accountable to the community and the environment.

Our belief in good citizenship is a driver to create maximum impact through our CSR programs in areas of:

1. Education
2. Environment
3. Health and sanitation
4. Sports, arts and culture
5. Natural calamities and disaster
6. Rural development
7. Supporting large-scale causes such as disaster relief or any other cause as determined by HEXAWARE's CSR Committee

The CSR Policy adopted by Hexaware is available in the given web link:

<http://hexaware.com/investors/>

**2. The Composition of the CSR Committee.**

HEXAWARE has constituted a robust governance structure to oversee the implementation of the CSR projects, in compliance with the requirements of Section 135 of the Companies Act, 2013.

The members of the CSR committee as on December 31, 2016:

| Name                  | Designation |
|-----------------------|-------------|
| Mr. Bharat Shah       | Chairman    |
| Mr. Atul Nishar       | Member      |
| Mrs. Meera Shankar    | Member      |
| Mr. Christian Oecking | Member      |

**3. Average net profit of the company for last three financial years (In INR million)**

| Particulars (as per Section 198) | 2013     | 2014     | 2015     |
|----------------------------------|----------|----------|----------|
| Net profit for the year          | 4,141.00 | 3,783.10 | 4,132.75 |

**4. Prescribed CSR Expenditure (two per cent. of the amount, as in item 3 above) (In INR million)**

| Particulars (as per Section 198)                   | 2013     | 2014     | 2015     | 2016     |
|----------------------------------------------------|----------|----------|----------|----------|
| Net profit for the year                            | 4,141.00 | 3,783.10 | 4,132.75 |          |
| Average 3 yrs Adjusted Profits                     |          |          |          | 4,018.95 |
| Estimated CSR contribution @ 2% of average profits |          |          |          | 80.38    |

**5. Details of CSR spent during the financial year.**

- (a) Total amount to be spent for the financial year: INR 80.38 million
- (b) Amount unspent, if any: INR 39.17 million

## Directors' Report

(c) Manner in which the amount spent during the financial year is detailed below.

| S.No. | CSR Project or activity identified                                            | Sector in which project is covered                                                                                                                                      | Projects or Programs                       | Amount Outlay (budget) on Project or Programs (in INR) | Amount spent on the projects or programs (in INR) | Cumulative expenditure up to the reporting period (in INR) | Amount Spent: Direct or through implementing agency         |
|-------|-------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|--------------------------------------------------------|---------------------------------------------------|------------------------------------------------------------|-------------------------------------------------------------|
|       |                                                                               |                                                                                                                                                                         | 1. Local area or other                     |                                                        | 1. Direct Expenditure                             |                                                            |                                                             |
|       |                                                                               |                                                                                                                                                                         | 2. Specified Location                      |                                                        | 2. Overheads                                      |                                                            |                                                             |
| 1     | Vocational training centre and support for Persons with Disability            | Promoting employment enhancing vocation skills and livelihood enhancement projects among differently abled                                                              | 1. Local                                   | 4,393,800                                              | 4,393,800                                         | 4,393,800                                                  | Through implementing agency: V- Excel Educational Trust     |
|       |                                                                               |                                                                                                                                                                         | 2. Chennai                                 |                                                        |                                                   |                                                            |                                                             |
| 2     | Digital and Financial Education                                               | Promoting education                                                                                                                                                     | 1. Local                                   | 1,426,400                                              | 1,426,400                                         | 1,426,400                                                  | Through implementing agency: America India Foundation Trust |
|       |                                                                               |                                                                                                                                                                         | 2. Chennai                                 |                                                        |                                                   |                                                            |                                                             |
| 3     | Digital literacy program for employability                                    | Promoting employment enhancing vocation skills and livelihood enhancement among youth                                                                                   | 1. Local                                   | 10,605,438                                             | 10,605,438                                        | 10,605,438                                                 | Through implementing agency: Smile Foundation               |
|       |                                                                               |                                                                                                                                                                         | 2. Mumbai, Pune, Bangalore, Chennai, Delhi |                                                        |                                                   |                                                            |                                                             |
| 4     | Palliative Care for underprivileged beneficiaries                             | Promoting preventive health care                                                                                                                                        | 1. Local                                   | 800,000                                                | 800,000                                           | 800,000                                                    | Through implementing agency: Neurology Foundation           |
|       |                                                                               |                                                                                                                                                                         | 2. Mumbai                                  |                                                        |                                                   |                                                            |                                                             |
| 5     | Udaan - Empowerment of children of sex workers in the red-light area          | Eradicating hunger, poverty and malnutrition, promoting education                                                                                                       | 1. Local                                   | 331,559                                                | 331,559                                           | 331,559                                                    | Through implementing agency: Apne Aap Women's Collective    |
|       |                                                                               |                                                                                                                                                                         | 2. Mumbai                                  |                                                        | 0                                                 |                                                            |                                                             |
| 6     | Evolution: Municipal School Empowerment Program                               | Promoting education, promoting preventive healthcare and sanitation                                                                                                     | 1. Local                                   | 750,000                                                | 750,000                                           | 750,000                                                    | Through implementing agency: Manav Sadhna                   |
|       |                                                                               |                                                                                                                                                                         | 2. Vapi                                    |                                                        |                                                   |                                                            |                                                             |
| 7     | Clean and Safe Neighbourhood                                                  | Ensuring environmental sustainability                                                                                                                                   | 1. Local                                   | 14,388,664                                             | 14,388,664                                        | 14,388,664                                                 | Direct                                                      |
|       |                                                                               |                                                                                                                                                                         | 2. Chennai and Mumbai                      |                                                        |                                                   |                                                            |                                                             |
| 8     | Antar Bharti Balgram Yojna - Holistic development of underprivileged children | Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation, promoting education, enhancing vocational skills, livelihood enhancement | 1. Local                                   | 72,1148                                                | 721,148                                           | 721,148                                                    | Through implementing agency: India Sponsorship Committee    |
|       |                                                                               |                                                                                                                                                                         | 2. Lonavala                                |                                                        |                                                   |                                                            |                                                             |
| 9     | Supporting digital literacy                                                   | Promoting education                                                                                                                                                     | 1. Local                                   | 1,192,000                                              | 1,192,000                                         | 1,192,000                                                  | Through implementing agency: Avasara Leadership Institute   |
|       |                                                                               |                                                                                                                                                                         | 2. Pune                                    |                                                        |                                                   |                                                            |                                                             |
| 10    | Holistic development and nurturing of underprivileged children                | Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation, promoting education, enhancing vocational skills, livelihood enhancement | 1. Local                                   | 1,128,960                                              | 1,128,960                                         | 1,128,960                                                  | Through implementing agency: SOS Children's Village         |
|       |                                                                               |                                                                                                                                                                         | 2. Pune, Bangalore, Chennai                |                                                        |                                                   |                                                            |                                                             |

|              |                                                                |                                                                                             |            |                   |                   |                   |                                                         |
|--------------|----------------------------------------------------------------|---------------------------------------------------------------------------------------------|------------|-------------------|-------------------|-------------------|---------------------------------------------------------|
| 11           | Healthcare initiative using IOT                                | Promoting preventive health care                                                            | 1. Local   | 379,011           | 379,011           | 379,011           | Direct                                                  |
|              |                                                                |                                                                                             | 2. Chennai |                   |                   |                   |                                                         |
| 12           | Promoting children education                                   | Promoting education                                                                         | 1. Local   | 700,000           | 700,000           | 700,000           | Through implementing agency: Save the Children          |
|              |                                                                |                                                                                             | 2. Mumbai  |                   |                   |                   |                                                         |
| 13           | Promoting education for person with disability                 | Promoting education including special education                                             | 1. Local   | 700,000           | 700,000           | 700,000           | Through implementing agency: Helen Keller International |
|              |                                                                |                                                                                             | 2. Mumbai  |                   |                   |                   |                                                         |
| 14           | Training people with disability                                | Promoting education including special education                                             | 1. Local   | 450,000           | 450,000           | 450,000           | Through implementing agency: Jai Vakeel Foundation      |
|              |                                                                |                                                                                             | 2. Mumbai  |                   |                   |                   |                                                         |
| 15           | Providing education to the underprivileged                     | Promoting education                                                                         | 1. Local   | 700,000           | 700,000           | 700,000           | Through implementing agency: Teach to Lead              |
|              |                                                                |                                                                                             | 2. Mumbai  |                   |                   |                   |                                                         |
| 16           | Providing vocational training to person with mental disability | Promoting education, including special education and employment enhancing vocational skills | 1. Local   | 300,000           | 300,000           | 300,000           | Through implementing agency: Manav Foundation           |
|              |                                                                |                                                                                             | 2. Mumbai  |                   |                   |                   |                                                         |
| 17           | Monitoring, Evaluation of projects and administrative expenses | -                                                                                           |            | 2,243,688         | 2,243,688         | 2,243,688         | Direct                                                  |
| <b>Total</b> |                                                                |                                                                                             |            | <b>41,210,668</b> | <b>41,210,668</b> | <b>41,210,668</b> |                                                         |

**6. In case the company has failed to spend the two per cent, of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.**

During the year, the Company has spent INR 41.21 Millions on its CSR activities. The projects undertaken by the Company during last year and current year were of long term period thus resulting in lesser utilization of earmarked budget for the current financial year. The Company is in continuous process of evaluating strategic avenues for CSR expenditure. As a socially responsible company, the Company is committed to increase its CSR impact over the coming years, with its aim of playing a larger role in India's sustainable development by embedding wider economic, social and environmental objectives.

**7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.**

The implementation and monitoring of our CSR Policy is in compliance with the CSR objectives and policies as laid down in this report. The CSR Committee of the Board is responsible for the integrity and the objectivity of all the information provided in the disclosure above. All the projects reported have been considered and undertaken with the best of our intentions to contribute to the greater good of the society. We have undertaken and implemented these projects with careful consideration and these projects are aligned with our vision as provided in our CSR Policy. In line with the requirements of the Companies Act, 2013, we have also instituted monitoring mechanisms to ensure the projects go on smoothly as planned.

**Mr. R Srikrishna**  
CEO & Executive Director

**Mr. Bharat Shah**  
Chairman CSR Committee

Place : Mumbai  
Date : March 8, 2017

## Directors' Report

### ANNEXURE - 5

FORM NO. MGT 9

### EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.12.2016

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

| I. REGISTRATION & OTHER DETAILS: |                                                                            |                                                                                                                                                                                                                                            |                                                                                                                                                                                 |
|----------------------------------|----------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1                                | CIN                                                                        | L72900MH1992PLC069662                                                                                                                                                                                                                      |                                                                                                                                                                                 |
| 2                                | Registration Date                                                          | 20/11/1992                                                                                                                                                                                                                                 |                                                                                                                                                                                 |
| 3                                | Name of the Company                                                        | HEXAWARE TECHNOLOGIES LIMITED                                                                                                                                                                                                              |                                                                                                                                                                                 |
| 4                                | Category/Sub-category of the Company                                       | Company Limited by Shares / Indian Non-Government Company                                                                                                                                                                                  |                                                                                                                                                                                 |
| 5                                | Address of the Registered office & contact details                         | 152, Millenium Business Park, Sector 3rd 'A' Block , TTC Industrial Area Mahape, Navi Mumbai 400710<br>Tel: +91 22 4159 9595<br>Fax: +91 22 41599578<br>www.hexaware.com<br>Email id: Investori@hexaware.com                               |                                                                                                                                                                                 |
| 6                                | Whether listed company                                                     | Yes                                                                                                                                                                                                                                        |                                                                                                                                                                                 |
| 7                                | Name, Address & contact details of the Registrar & Transfer Agent, if any. | <b>Karvy Computershare Private Limited</b><br><b>Unit: Hexaware Technologies Limited</b>                                                                                                                                                   |                                                                                                                                                                                 |
|                                  |                                                                            | Corporate office:                                                                                                                                                                                                                          | Investor Relation Centre:                                                                                                                                                       |
|                                  |                                                                            | Karvy Selenium, Tower B, Plot 31-32, Gachibowli, Financial District, Hyderabad - 500 032<br>Contact details:<br>Tel: +91 40 67162222<br>Fax number: +91 40 23420814<br>Email: einward.ris@karvy.com<br>Website: www.karvycomputershare.com | 24 B, Rajabhadur Mansion, Ground Floor, Amabalal Doshi Marg, Fort, Mumbai - 400 023<br>Tel: 022 66235454<br>Email: einward.ris@karvy.com<br>Website: www.karvycomputershare.com |

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

| S.No. | Name and Description of main products / services         | NIC Code of the Product/service | % to total turnover of the company |
|-------|----------------------------------------------------------|---------------------------------|------------------------------------|
| 1     | Computer Programming, Consultancy and Related Activities | 620                             | 100                                |

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| SN | Name and address of the Company                                                                                                                              | CIN/GLN                   | Holding Subsidiary/ Associate | % of shares held | Applicable Section |
|----|--------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|-------------------------------|------------------|--------------------|
| 1  | HT Global IT Solutions Holdings Limited<br>3rd Floor, 335 NeXTeracon Tower 1, Cybercity, Ebene, Mauritius.                                                   | Foreign Company           | Holding                       | 71.2             | 2(46)              |
| 2  | Risk Technology International Limited,<br>Building No. 1, Millennium Business Park, Sector III, A Block, TTC Industrial Area, Mahape, Navi Mumbai - 400 710. | U72900MH2007<br>PLC172645 | Subsidiary                    | 100              | 2(87)              |
| 3  | Hexaware Technologies Inc.<br>101 Wood Avenue South, Suite 600, Iselin, New Jersey 08830 USA                                                                 | Foreign Company           | Subsidiary                    | 100              | 2(87)              |
| 4  | Hexaware Technologies GmbH, Germany<br>B5 Atricom, Lyonerstrasse 15, D-60528 Frankfurt am Main Germany                                                       | Foreign Company           | Subsidiary                    | 100              | 2(87)              |
| 5  | Hexaware Technologies UK Limited<br>Level 19, 40 Bank Street, Canary Wharf, London - E14 5NR                                                                 | Foreign Company           | Subsidiary                    | 100              | 2(87)              |
| 6  | Hexaware Technologies Asia Pacific Pte. Limited<br>180, Cecil Street, # 09-03, Bangkok Bank Building, SINGAPORE 69546                                        | Foreign Company           | Subsidiary                    | 100              | 2(87)              |
| 7  | Hexaware Technologies Canada Limited<br>2 Robert Speck Parkway, Suite 735, Mississauga, ON L4Z 1H8.                                                          | Foreign Company           | Subsidiary                    | 100              | 2(87)              |
| 8  | Hexaware Technologies Mexico S de RL De CV<br>Avenida San Angel # 240 Piso 3, Fracc. San Agustín, Saltillo, Coah. C.P. 25215, Mexico                         | Foreign Company           | Subsidiary                    | 100              | 2(87)              |

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| SN | Name and address of the Company                                                                                                                                                     | CIN/GLN         | Holding Subsidiary/<br>Associate | % of shares<br>held | Applicable<br>Section |
|----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|----------------------------------|---------------------|-----------------------|
| 9  | Hexaware Technologies Do Brazil Limited<br>Rua Vergueiro 1.421, Conjunto 1102, Vila Mariana - Sao Paulo CEP<br>04.101-000                                                           | Foreign Company | Subsidiary                       | 100                 | 2(87)                 |
| 10 | Guangzhou Hexaware Information Technologies Company Limited<br>Room 711, 7/F, Main Tower, Guangdong International Building, No.339<br>Huanshi Road East, Yuexiu District, Guangzhou | Foreign Company | Subsidiary                       | 100                 | 2(87)                 |
| 11 | Hexaware Technologies LLC<br>Russian Fedreration,170100, Tver, Industrialnaya building 7                                                                                            | Foreign Company | Subsidiary                       | 100                 | 2(87)                 |
| 12 | Hexaware Technologies Romania SRL<br>Bucharest, Grigore Cobalcescu Street, number 46, 2nd Floor, Room no.12,<br>1st District                                                        | Foreign Company | Subsidiary                       | 100                 | 2(87)                 |
| 13 | Hexaware Technologies Saudi LLC<br>C/O Dhabaan and Partners , Home Offices, Villa No : 11, P.O Box 245555,<br>Riyadh - 11312, Saudi Arabia                                          | Foreign Company | Subsidiary                       | 100                 | 2(87)                 |
| 14 | Experis Technology Solutions PTE LTD<br>10 HOE Chiang Road # 21 - 04/05<br>Keppel Towers, Singapore 089315                                                                          | Foreign Company | Associate                        | 20                  | 2(6)                  |

### IV. SHARE HOLDING PATTERN

(Equity share capital breakup as percentage of total equity)

#### (i) Category-wise Share Holding

| Category of Shareholders         | No. of Shares held at the beginning of the year<br>[As on 01-01-2016] |          |             |                      | No. of Shares held at the end of the year<br>[As on 31-12-2016] |          |             |                      | % Change<br>during the<br>year |
|----------------------------------|-----------------------------------------------------------------------|----------|-------------|----------------------|-----------------------------------------------------------------|----------|-------------|----------------------|--------------------------------|
|                                  | Demat                                                                 | Physical | Total       | % of Total<br>Shares | Demat                                                           | Physical | Total       | % of Total<br>Shares |                                |
| <b>A. Promoters</b>              |                                                                       |          |             |                      |                                                                 |          |             |                      |                                |
| <b>(1) Indian</b>                |                                                                       |          |             |                      |                                                                 |          |             |                      |                                |
| a) Individual/ HUF               | -                                                                     | -        | -           | 0.00%                | -                                                               | -        | -           | 0.00%                | 0.00%                          |
| b) Central Govt                  | -                                                                     | -        | -           | 0.00%                | -                                                               | -        | -           | 0.00%                | 0.00%                          |
| c) State Govt(s)                 | -                                                                     | -        | -           | 0.00%                | -                                                               | -        | -           | 0.00%                | 0.00%                          |
| d) Bodies Corp.                  | -                                                                     | -        | -           | 0.00%                | -                                                               | -        | -           | 0.00%                | 0.00%                          |
| e) Banks / FI                    | -                                                                     | -        | -           | 0.00%                | -                                                               | -        | -           | 0.00%                | 0.00%                          |
| f) Any other                     | -                                                                     | -        | -           | 0.00%                | -                                                               | -        | -           | 0.00%                | 0.00%                          |
| Sub Total (A) (1)                | -                                                                     | -        | -           | 0.00%                | -                                                               | -        | -           | 0.00%                | 0.00%                          |
| <b>(2) Foreign</b>               |                                                                       |          |             |                      |                                                                 |          |             |                      |                                |
| a) NRI Individuals               | -                                                                     | -        | -           | 0.00%                | -                                                               | -        | -           | 0.00%                | 0.00%                          |
| b) Other Individuals             | -                                                                     | -        | -           | 0.00%                | -                                                               | -        | -           | 0.00%                | 0.00%                          |
| c) Bodies Corp.                  | 215,047,193                                                           | -        | 215,047,193 | 71.31%               | 215,047,193                                                     | -        | 215,047,193 | 71.20%               | 0.00%                          |
| d) Any other                     | -                                                                     | -        | -           | 0.00%                | -                                                               | -        | -           | 0.00%                | 0.00%                          |
| Sub Total (A) (2)                | 215,047,193                                                           | -        | 215,047,193 | 71.31%               | 215,047,193                                                     | -        | 215,047,193 | 71.20%               | 0.00%                          |
| TOTAL (A)                        | 215,047,193                                                           | -        | 215,047,193 | 71.31%               | 215,047,193                                                     | -        | 215,047,193 | 71.20%               | 0.00%                          |
| <b>B. Public Shareholding</b>    |                                                                       |          |             |                      |                                                                 |          |             |                      |                                |
| <b>1. Institutions</b>           |                                                                       |          |             |                      |                                                                 |          |             |                      |                                |
| a) Mutual Funds                  | 23,084,938                                                            | 6,525    | 23,091,463  | 7.66%                | 19,107,148                                                      | 6,525    | 19,113,673  | 6.33%                | -17.23%                        |
| b) Banks / FI                    | 113,211                                                               | 4,430    | 117,641     | 0.04%                | 638,208                                                         | 4,080    | 642,288     | 0.21%                | 445.97%                        |
| c) Central Govt                  | -                                                                     | -        | -           | 0.00%                | -                                                               | -        | -           | 0.00%                | 0.00%                          |
| d) State Govt(s)                 | -                                                                     | -        | -           | 0.00%                | -                                                               | -        | -           | 0.00%                | 0.00%                          |
| e) Venture Capital Funds         | -                                                                     | -        | -           | 0.00%                | -                                                               | -        | -           | 0.00%                | 0.00%                          |
| f) Insurance Companies           | 224,845                                                               | -        | 224,845     | 0.07%                | 20,820                                                          | -        | 20,820      | 0.01%                | -90.74%                        |
| g) FIIs                          | 29,475,315                                                            | 1,700    | 29,477,015  | 9.77%                | 30,309,048                                                      | 1,700    | 30,310,748  | 10.04%               | 2.83%                          |
| h) Foreign Venture Capital Funds | -                                                                     | -        | -           | 0.00%                | -                                                               | -        | -           | 0.00%                | 0.00%                          |
| i) Others (specify)              | -                                                                     | -        | -           | 0.00%                | -                                                               | -        | -           | 0.00%                | 0.00%                          |
| Sub-total (B)(1):-               | 52,898,309                                                            | 12,655   | 52,910,964  | 17.55%               | 50,075,224                                                      | 12,305   | 50,087,529  | 16.58%               | -5.34%                         |
| <b>2. Non-Institutions</b>       |                                                                       |          |             |                      |                                                                 |          |             |                      |                                |
| <b>a) Bodies Corp.</b>           |                                                                       |          |             |                      |                                                                 |          |             |                      |                                |
| i) Indian                        | 4,052,862                                                             | 24,192   | 4,077,054   | 1.35%                | 3449751                                                         | 24542    | 3,474,293   | 1.15%                | -14.78%                        |
| ii) Overseas                     | 10                                                                    | -        | 10          | 0.00%                | 10                                                              | 0        | 10          | 0.00%                | 0.00%                          |

## Directors' Report

| Category of Shareholders                                                        | No. of Shares held at the beginning of the year<br>[As on 01-01-2016] |           |             |                   | No. of Shares held at the end of the year<br>[As on 31-12-2016] |           |             |                   | % Change during the year |
|---------------------------------------------------------------------------------|-----------------------------------------------------------------------|-----------|-------------|-------------------|-----------------------------------------------------------------|-----------|-------------|-------------------|--------------------------|
|                                                                                 | Demat                                                                 | Physical  | Total       | % of Total Shares | Demat                                                           | Physical  | Total       | % of Total Shares |                          |
| <b>b) Individuals</b>                                                           |                                                                       |           |             |                   |                                                                 |           |             |                   |                          |
| i) Individual shareholders holding nominal share capital upto ₹ 1 lakh          | 20,418,553                                                            | 3,580,049 | 23,998,602  | 7.96%             | 22,783,248                                                      | 3,544,264 | 26,327,512  | 8.72%             | 9.70%                    |
| ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh | 3,152,659                                                             | -         | 3,152,659   | 1.05%             | 2,900,710                                                       | 0         | 2,900,710   | 0.96%             | -7.99%                   |
| <b>c) Others (specify)</b>                                                      |                                                                       |           |             |                   |                                                                 |           |             |                   |                          |
| Non Resident Indians                                                            | 1,775,110                                                             | 422,445   | 2,197,555   |                   | 2,018,522                                                       | 419,945   | 2,438,467   | 0.81%             | 10.96%                   |
| Overseas Corporate Bodies                                                       | -                                                                     | -         | -           | 0.00%             | -                                                               | -         | -           | 0.00%             | 0.00%                    |
| Foreign Nationals                                                               | 8,000                                                                 | -         | 8,000       | 0.00%             | 6,000                                                           | 0         | 6,000       | 0.00%             | -25.00%                  |
| Clearing Members                                                                | -                                                                     | -         | -           | 0.00%             | 822,832                                                         | 0         | 822,832     | 0.27%             | 0.00%                    |
| Trusts                                                                          | 31,300                                                                |           | 31,300      | 0.01%             | 20,033                                                          | 0         | 20,033      | 0.01%             | -36.00%                  |
| Foreign Bodies - D R                                                            |                                                                       |           | -           | 0.00%             |                                                                 |           | -           | 0.00%             | 0.00%                    |
| <b>Sub-total (B)(2):-</b>                                                       | 29,438,494                                                            | 4,026,686 | 33,465,180  | 11.10%            | 32,001,106                                                      | 3,988,751 | 35,989,857  | 11.92%            | 7.54%                    |
| <b>Total Public (B)</b>                                                         | 82,336,803                                                            | 4,039,341 | 86,376,144  | 28.64%            | 82,076,330                                                      | 4,001,056 | 86,077,386  | 28.50%            | -0.35%                   |
| <b>C. Shares held by Custodian for GDRs &amp; ADRs</b>                          | 139,560                                                               | -         | 139,560     | 0.05%             | 903,616                                                         | -         | 903,616     | 0.30%             | 547.47%                  |
| <b>Grand Total (A+B+C)</b>                                                      | 297,523,556                                                           | 4,039,341 | 301,562,897 | 100.00%           | 298,027,139                                                     | 4,001,056 | 302,028,195 | 100.00%           | 547.13%                  |

### (ii) Shareholding of Promoter

| SN | Shareholder's Name                      | Shareholding at the beginning of the year |                                  |                                                 | Shareholding at the end of the year |                                  |                                                  | % change in shareholding during the year |
|----|-----------------------------------------|-------------------------------------------|----------------------------------|-------------------------------------------------|-------------------------------------|----------------------------------|--------------------------------------------------|------------------------------------------|
|    |                                         | No. of Shares                             | % of total Shares of the company | % of Shares Pledged/ encumbered to total shares | No. of Shares                       | % of total Shares of the company | % of Shares Pledged / encumbered to total shares |                                          |
| 1  | HT GLOBAL IT SOLUTIONS HOLDINGS LIMITED | 215,047,193                               | 71.31%                           | 0                                               | 215,047,193                         | 71.20%                           | 0                                                | 0.00%                                    |

### (iii) Change in Promoters' Shareholding (please specify, if there is no change)

| SN                                                                             | Particulars                  | Date | Reason | Shareholding at the beginning of the year |                   | Cumulative Shareholding during the year |                   |
|--------------------------------------------------------------------------------|------------------------------|------|--------|-------------------------------------------|-------------------|-----------------------------------------|-------------------|
|                                                                                |                              |      |        | No. of shares                             | % of total shares | No. of shares                           | % of total shares |
|                                                                                | At the beginning of the year |      |        |                                           |                   |                                         |                   |
|                                                                                | Changes during the year      |      |        |                                           |                   |                                         |                   |
|                                                                                | At the end of the year       |      |        |                                           |                   |                                         |                   |
| There is no change in Promoters' Shareholding between 01.01.2016 to 31.12.2016 |                              |      |        |                                           |                   |                                         |                   |

### (iv) Shareholding Pattern of top ten Shareholders

(Other than Directors, Promoters and Holders of GDRs and ADRs):

| SN | For each of the Top 10 shareholders                                                                      | Shareholding at the beginning of the year<br>(01-01-2016) |                       | Shareholding at the end of the year<br>(31-12-2016) |                       |
|----|----------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|-----------------------|-----------------------------------------------------|-----------------------|
|    |                                                                                                          | No. of Shares                                             | % of the total Shares | No. of Shares                                       | % of the total Shares |
| 1  | HDFC TRUSTEE COMPANY LTD - A/C HDFC MID - CAPOPPOR TUNITIES FUND                                         | 6,026,000                                                 | 2.00                  | 7,277,000                                           | 2.41                  |
| 2  | T. ROWE PRICE INTERNATIONAL DISCOVERY FUND                                                               | 0                                                         | 0.00                  | 6,213,210                                           | 2.06                  |
| 3  | FRANKLIN TEMPLETON MUTUAL FUND A/C FRANKLIN INDIA HIGH GROWTH COMPANIES FUND                             | 800,000                                                   | 0.27                  | 4,000,000                                           | 1.32                  |
| 4  | RELIANCE CAPITAL TRUSTEE CO LTD A/C-RELIANCE REGUL AR SAVINGS FUND-EQUITY OPTION                         | 2,000,000                                                 | 0.66                  | 1,500,000                                           | 0.500                 |
| 5  | FIRST STATE INVESTMENTS (HONGKONG) LIMITED A/C FIR ST STATE INDIAN SUBCONTINENT FUND                     | 0                                                         | 0.00                  | 1,916,228                                           | 0.63                  |
| 6  | THE SCOTTISH ORIENTAL SMALLER COMPANIES TRUSTPLC                                                         | 0                                                         | 0.00                  | 1,823,141                                           | 0.60                  |
| 7  | THE EMERGING MARKETS SMALL CAP SERIES OF THE DFA INVESTMENT TRUST COMPANY                                | 1,734,722                                                 | 0.58                  | 1,440,758                                           | 0.48                  |
| 8  | NTASIAN EMERGING LEADERS MASTER FUND                                                                     | 0                                                         | 0.00                  | 1,672,046                                           | 0.55                  |
| 9  | AVIVA INVESTORS - EMERGING MARKETS EQUITY SMALL Cap FUND                                                 | 820,539                                                   | 0.27                  | 1,586,964                                           | 0.53                  |
| 10 | EMERGING MARKETS CORE EQUITY PORTFOLIO (THE PORTFOLIO) OF DFA INVESTMENT DIMENSIONS GROUP INC. (DFAI DG) | 1,332,142                                                 | 0.44                  | 1,526,511                                           | 0.51                  |

The details of datewise increase / decrease in Shareholding of top ten Shareholders is available on Company's website at [www.hexaware.com/investor/](http://www.hexaware.com/investor/)

**(v) Shareholding of Directors and Key Managerial Personnel:**

| SN                              | Shareholding of each Directors and each Key Managerial Personnel | Date       | Reason   | Shareholding at the beginning of the year |                   | Cumulative Shareholding during the year |                   |
|---------------------------------|------------------------------------------------------------------|------------|----------|-------------------------------------------|-------------------|-----------------------------------------|-------------------|
|                                 |                                                                  |            |          | No. of shares                             | % of total shares | No. of shares                           | % of total shares |
| <b>1</b>                        | <b>BHARAT DHIRAJLAL SHAH</b>                                     |            |          |                                           |                   |                                         |                   |
|                                 | At the beginning of the year                                     | 01.01.2016 |          | 20,000                                    | 0.01%             | 20,000                                  | 0.01%             |
|                                 | Changes during the year                                          | 25.05.2016 | Transfer | 10,000                                    | 0.00%             |                                         | 0.00%             |
|                                 | At the end of the year                                           | 31.12.2016 |          | 30,000                                    | 0.01%             | 30,000                                  | 0.01%             |
| <b>2</b>                        | <b>ATUL KANTILAL NISHAR</b>                                      |            |          |                                           |                   |                                         |                   |
|                                 | At the beginning of the year                                     | 01.01.2016 |          | 1,000                                     | 0.00%             | 1,000                                   | 0.00%             |
|                                 | Changes during the year                                          |            |          |                                           | 0.00%             |                                         | 0.00%             |
|                                 | At the end of the year                                           | 31.12.2016 |          |                                           | 0.00%             | 1,000                                   | 0.00%             |
| <b>3</b>                        | <b>BASAB PRADHAN</b>                                             |            |          |                                           |                   |                                         |                   |
|                                 | At the beginning of the year                                     | 01.01.2016 |          | 15,000                                    | 0.00%             | 15,000                                  | 0.00%             |
|                                 | Changes during the year                                          |            |          |                                           | 0.00%             |                                         | 0.00%             |
|                                 | At the end of the year                                           | 31.12.2016 |          |                                           | 0.00%             | 15,000                                  | 0.00%             |
| <b>Key Managerial Personnel</b> |                                                                  |            |          |                                           |                   |                                         |                   |
| <b>1</b>                        | <b>RAJESH N KANANI</b>                                           |            |          |                                           |                   |                                         |                   |
|                                 | At the beginning of the year                                     | 01.01.2016 |          | 26,984                                    | 0.01%             | 26,984                                  | 0.01%             |
|                                 | Changes during the year                                          |            |          |                                           | 0.00%             |                                         | 0.00%             |
|                                 | At the end of the year                                           | 31.12.2016 |          |                                           | 0.00%             | 26,984                                  | 0.01%             |
| <b>2</b>                        | <b>GUNJAN SUMIT METHI</b>                                        |            |          |                                           |                   |                                         |                   |
|                                 | At the beginning of the year                                     | 01.01.2015 |          | 2,501                                     | 0.00%             | 2,501                                   | 0.00%             |
|                                 | Changes during the year                                          | 07.02.2016 | ESOP     | 2,000                                     |                   | 4,501                                   |                   |
|                                 |                                                                  | 31.03.2016 | Sale     | 3,575                                     | 0.00%             | 926                                     | 0.00%             |
|                                 | At the end of the year                                           | 31.12.2015 |          |                                           | 0.00%             | 926                                     | 0.00%             |

No Director or KMP hold Shares of the Company except the name of Directors and KMP mentioned above

**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment. (Amt. ₹/Lacs)

| Particulars                                                | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|------------------------------------------------------------|----------------------------------|-----------------|----------|--------------------|
| <b>Indebtedness at the beginning of the financial year</b> |                                  |                 |          |                    |
| i) Principal Amount                                        | NIL                              | NIL             | NIL      | NIL                |
| ii) Interest due but not paid                              | NIL                              | NIL             | NIL      | NIL                |
| iii) Interest accrued but not due                          | NIL                              | NIL             | NIL      | NIL                |
| Total (i+ii+iii)                                           | -                                | -               | -        | -                  |
| <b>Change in Indebtedness during the financial year</b>    |                                  |                 |          |                    |
| * Addition                                                 | NIL                              | NIL             | NIL      | NIL                |
| * Reduction                                                | NIL                              | NIL             | NIL      | NIL                |
| Net Change                                                 | -                                | -               | -        | -                  |
| <b>Indebtedness at the end of the financial year</b>       |                                  |                 |          |                    |
| i) Principal Amount                                        | NIL                              | NIL             | NIL      | NIL                |
| ii) Interest due but not paid                              | NIL                              | NIL             | NIL      | NIL                |
| iii) Interest accrued but not due                          | NIL                              | NIL             | NIL      | NIL                |
| Total (i+ii+iii)                                           | -                                | -               | -        | -                  |

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

(₹ Million)

| SN.      | Particulars of Remuneration                                                         | Name of MD/WT/ Director/ Manager | Total Amount |
|----------|-------------------------------------------------------------------------------------|----------------------------------|--------------|
|          | Name                                                                                | R Srikrishna                     |              |
|          | Designation                                                                         | CEO & Executive Director         |              |
| <b>1</b> | Gross salary                                                                        |                                  |              |
|          | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 3.82                             | 3.82         |
|          | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961                             | -                                | -            |
|          | (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961             |                                  | -            |
| <b>2</b> | Stock Option <sup>(i)</sup>                                                         | 48.55                            | 48.55        |

## Directors' Report

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager: (₹ Million)

| SN. | Particulars of Remuneration | Name of MD/WT/ Manager | Total Amount |
|-----|-----------------------------|------------------------|--------------|
| 3   | Sweat Equity                |                        | -            |
| 4   | Commission                  |                        | -            |
|     | - as % of profit            |                        | -            |
|     | - others, specify           |                        | -            |
| 5   | Others, please specify      |                        | -            |
|     | Total (A)                   | 52.37                  | 52.37        |
|     | Ceiling as per the Act      |                        | 226.59       |

i. Above does not include remuneration of ₹ 70.73 million paid by the overseas subsidiary of the Company.

ii. The cost computed as per guidance note on Share Based Payments issued by ICAI and amortised over vesting period.

### B. Remuneration to other Directors (₹ Million)

| SN. | Particulars of Remuneration                             | Fee for attending board and committee meetings | Commission   | Others, please specify | Total Amount  |
|-----|---------------------------------------------------------|------------------------------------------------|--------------|------------------------|---------------|
|     | <b>Independent Directors</b>                            |                                                |              |                        |               |
| 1   | Bharat D Shah                                           | 0.30                                           | 6.79         |                        | 7.09          |
|     | Dileep C Choksi                                         | 0.22                                           | 6.79         |                        | 7.01          |
|     | Basab Pradhan                                           | 0.24                                           | 6.79         |                        | 7.03          |
|     | Christian T Oecking                                     | 0.32                                           | 6.79         |                        | 7.11          |
|     | Meera Shankar                                           | 0.14                                           | 4.91         |                        | 5.05          |
|     | Dr. Punitakumar Sinha (resigned w.e.f 12.01.2016)       | -                                              | 0.22         |                        | 0.22          |
|     | <b>Total (1)</b>                                        | <b>1.22</b>                                    | <b>32.29</b> |                        | <b>33.51</b>  |
| 2   | <b>Other Non-Executive Directors</b>                    |                                                |              |                        |               |
|     | Kosmas Kalliarekos                                      | -                                              | -            |                        |               |
|     | Jimmy L Mahtani                                         | -                                              | -            |                        |               |
|     | Atul Kantilal Nishar                                    | -                                              | -            |                        |               |
|     | Peruvemba R Chandrashekar                               | -                                              | 6.79         |                        | 6.79          |
|     | <b>Total (2)</b>                                        | -                                              | 6.79         |                        | 6.79          |
|     | Total (B)=(1+2)                                         | 1.22                                           | 39.08        |                        | 40.30         |
|     | Total Managerial Remuneration                           |                                                |              |                        | 91.45         |
|     | <b>Overall Ceiling as per the Act [u/s 197(1) (i) ]</b> |                                                |              |                        | <b>498.51</b> |

### C. Remuneration to Key Managerial Personnel other than MD/Manager/WT/ (₹ Million)

| SN. | Particulars of Remuneration                                                         | Name of Key Managerial Personnel |              | Total Amount |
|-----|-------------------------------------------------------------------------------------|----------------------------------|--------------|--------------|
|     | Name                                                                                | Rajesh N Kanani                  | Gunjan Methi |              |
|     | <b>Designation</b>                                                                  | <b>CFO</b>                       | <b>CS</b>    |              |
| 1   | <b>Gross salary</b>                                                                 |                                  |              |              |
|     | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 5.51                             | 2.18         | 7.69         |
|     | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961                             | 0.10                             | 0.13         | 0.23         |
|     | (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961             |                                  |              |              |
| 2   | Stock Option                                                                        |                                  |              |              |
| 3   | Sweat Equity                                                                        |                                  |              |              |
| 4   | Commission                                                                          |                                  |              |              |
|     | - as % of profit                                                                    |                                  |              |              |
|     | - others, specify                                                                   |                                  |              |              |
| 5   | Others, please specify                                                              |                                  |              |              |
|     | <b>Total</b>                                                                        | <b>5.61</b>                      | <b>2.32</b>  | <b>7.93</b>  |

### VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties or punishments levied on the Company during the year. Also, there was no necessity for the Company to compound any offence.

## ANNEXURE - 6

The information required under Section 197 of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

|                                                                                                                                                                                                                                                                                                                                                         | 2016                                                                                                                                                              |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (i) the ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year                                                                                                                                                                                                                    | Based on annualised cost to company basis (excluding stock option compensation cost)                                                                              |
| R Srikrishna - CEO and Executive Director (excluding remuneration paid by subsidiary company)                                                                                                                                                                                                                                                           | 8.89                                                                                                                                                              |
| Non-executive directors - Commission                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                   |
| Bharat D Shah                                                                                                                                                                                                                                                                                                                                           | 13.59                                                                                                                                                             |
| Dileep C Choksi                                                                                                                                                                                                                                                                                                                                         | 13.59                                                                                                                                                             |
| Basab Pradhan                                                                                                                                                                                                                                                                                                                                           | 13.59                                                                                                                                                             |
| Christian Oecking                                                                                                                                                                                                                                                                                                                                       | 13.59                                                                                                                                                             |
| Meera Shankar                                                                                                                                                                                                                                                                                                                                           | 13.59                                                                                                                                                             |
| P R Chandrasekar                                                                                                                                                                                                                                                                                                                                        | 13.59                                                                                                                                                             |
| Dr. Punitakumar Sinha (Resigned)                                                                                                                                                                                                                                                                                                                        | 13.59                                                                                                                                                             |
| (ii) the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year                                                                                                                                                                            | Based on annualised cost to company basis (excluding stock option compensation cost)                                                                              |
| R Srikrishna - CEO and Executive Director                                                                                                                                                                                                                                                                                                               | 0.00%                                                                                                                                                             |
| Non-executive directors - Commission                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                   |
| Bharat D Shah                                                                                                                                                                                                                                                                                                                                           | 0.00%                                                                                                                                                             |
| Dileep C Choksi                                                                                                                                                                                                                                                                                                                                         | 0.00%                                                                                                                                                             |
| Basab Pradhan                                                                                                                                                                                                                                                                                                                                           | 0.00%                                                                                                                                                             |
| Christian Oecking                                                                                                                                                                                                                                                                                                                                       | 0.00%                                                                                                                                                             |
| Meera Shankar (appointed from April 11, 2016)                                                                                                                                                                                                                                                                                                           | NA                                                                                                                                                                |
| P R Chandrasekar                                                                                                                                                                                                                                                                                                                                        | 0.00%                                                                                                                                                             |
| Dr. Punitakumar Sinha (Resigned)                                                                                                                                                                                                                                                                                                                        | 0.00%                                                                                                                                                             |
| Rajesh Kanani, CFO                                                                                                                                                                                                                                                                                                                                      | 1.50%                                                                                                                                                             |
| Gunjan Methi, CS                                                                                                                                                                                                                                                                                                                                        | 6.54%                                                                                                                                                             |
| (iii) the percentage increase in the median remuneration of employees in the financial year                                                                                                                                                                                                                                                             | There is decrease in median remuneration by 9%                                                                                                                    |
| (iv) the number of permanent employees on the rolls of company;                                                                                                                                                                                                                                                                                         | 8,624                                                                                                                                                             |
| (v) average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration; | Average percentile increase in salaries (excluding ESOP cost) of employees other than KMP's was 7.5% whereas increase in remuneration to KMP was not more than 7% |
| (vi) affirmation that the remuneration is as per the remuneration policy of the company.                                                                                                                                                                                                                                                                | Remuneration is as per policy of the Company                                                                                                                      |

## Business Responsibility Report

As per Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

### Section A: General Information about the Company

- Corporate identity number (CIN) of the Company: L72900MH1992PLC069662
- Name of the Company: Hexaware Technologies Limited
- Registered address: 152, Millenium Business Park, Sector III 'A' Block TTC Industrial Area Mahape, Navi Mumbai 400710
- Website: www.hexaware.com
- E-mail id: Investor@hexaware.com
- Financial year reported: January 1, 2016 to December 31, 2016
- Sector(s) that the Company is engaged in (Industrial activity code-wise):

| NPCS CODE | PRODUCT DESCRIPTION                               |
|-----------|---------------------------------------------------|
| 9983117   | Business Process Management Services              |
| 998313    | IT Consulting and support services                |
| 998314    | IT design and development services                |
| 998315    | IT Infrastructure provisioning services           |
| 998316    | IT Infrastructure and Network Management Services |

- List three key products/services that the Company manufactures/provides (as in balance sheet):
  - Application development and maintenance
  - Enterprise solutions
  - Business process outsourcing
  - Infrastructure management services
  - Testing
  - Business Analytics and intelligence
- Total number of locations where business activity is undertaken by the Company:
 

There are 30 global locations

  - Number of International Locations (details of major 5): Please refer page no.160 for Global Presence.
  - Number of National Locations: Please refer page no.160 for National Presence.
- Markets served by the Company:
 

North America, Europe and Asia Pacific

### Section B: Financial Details of the Company

|    |                             | FY 2016<br>Standalone<br>(₹ in Millions) | FY 2016<br>Consolidated<br>(₹ in Millions) |
|----|-----------------------------|------------------------------------------|--------------------------------------------|
| 1. | Paid up Capital             | 604.06                                   | 604.06                                     |
| 2. | Total Turnover              |                                          |                                            |
|    | (a) Revenue from operations | 13,930.41                                | 35,348.99                                  |
|    | (b) other Income            | 94.36                                    | 38.41                                      |
| 3. | Profit after tax            | 3560.73                                  | 4171.09                                    |

- Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%): 1.03% of average profit for previous three years in respect of standalone financial statement (computation as prescribed by the Companies Act, 2013).
- List of activities in which expenditure in 4 above has been incurred:-
  - Education
  - Environment
  - Health and sanitation
  - Natural calamities and disaster

Refer page no. 59 of this Annual report for the detailed report on CSR

### Section C: Other Details

- Does the Company have any Subsidiary Company/ Companies ? – Yes
- Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s):
 

- All subsidiary participate in BR Initiatives except small ones which are not operational.
- Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? – The Company does not mandate its suppliers/ distributors to participate in the Company's BR. However, they are encouraged to adopt such practices and follow the concept of being a responsible business organization.

### Section D: BR Information

- Details of Director/Directors responsible for BR
  - Details of the Director/Director responsible for implementation of the BR policy / policies:
 

The Board of Directors and Corporate Social Responsibility (CSR) committee of the board is responsible for the implementation of relevant BR Policies.

Details of directors are given under the Corporate Governance Report on page no. 76 and 77 of this Annual report.
  - Details of the BR head:

| Sr. no. | Particulars   | Details               |
|---------|---------------|-----------------------|
| 1.      | DIN Number    | 06496417              |
| 2.      | Name          | Mrs. Amberin Memon    |
| 3.      | Designation   | Chief People Officer  |
| 4.      | Telephone no. | 022 – 4159 9595       |
| 5.      | Email id      | Investor@hexaware.com |

2. Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N):

(a) Details of Compliances:

|    |                                                                                                                                                             |
|----|-------------------------------------------------------------------------------------------------------------------------------------------------------------|
| P1 | Business should conduct and govern themselves with ethics, Transparency and Accountability                                                                  |
| P2 | Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle                                     |
| P3 | Businesses should promote the wellbeing of all employees                                                                                                    |
| P4 | Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized |
| P5 | Businesses should respect and promote human rights                                                                                                          |
| P6 | Business should respect, protect, and make efforts to restore the environment                                                                               |
| P7 | Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner                                                  |
| P8 | Businesses should support inclusive growth and equitable development                                                                                        |
| P9 | Businesses should engage with and provide value to their customers and consumers in a responsible manner                                                    |

| Sr. no. | Questions                                                                                                                                                 | P1           | P2            | P3            | P4            | P5            | P6             | P7             | P8            | P9           |
|---------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|---------------|---------------|---------------|---------------|----------------|----------------|---------------|--------------|
| 1       | Do you have a policy / policies for....                                                                                                                   | Yes          | Yes           | Yes           | Yes           | Yes           | Yes<br>Note: 7 | No<br>Note: 8  | Yes           | Yes          |
| 2       | Has the policy being formulated in consultation with the relevant stakeholders?                                                                           | Yes          | Yes           | Yes           | Yes           | Yes           | Yes            | NA             | Yes           | Yes          |
| 3       | Does the policy conform to any national / international standards?                                                                                        | Note:1       | Note:1        | Note:1        | Note:1        | Note:1        | Note:1         | NA             | Note:1        | Note:1       |
| 4       | Has the policy been approved by the Board?<br>Is yes, has it been signed by MD/owner/ CEO/appropriate Board Director?                                     | Yes          | NA<br>Note: 6 | NA<br>Note: 6 | Yes           | NA<br>Note 6  | Yes            | NA             | Yes           | Yes          |
| 5       | Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?                                 | Yes          | Yes           | Yes           | Yes           | Yes           | Yes            | NA             | Yes           | Yes          |
| 6       | Indicate the link for the policy to be viewed online?                                                                                                     | NA<br>Note:3 | NA<br>Note:3  | NA<br>Note:3  | Yes<br>Note:2 | Yes<br>Note:3 | Yes<br>Note:2  | NA             | Yes<br>Note:2 | NA<br>Note:3 |
| 7       | Has the policy been formally communicated to all relevant internal and External stakeholders?                                                             | Yes          | Yes           | Yes           | Yes           | Yes           | Yes            | Yes<br>Note: 8 | Yes           | Yes          |
| 8       | Does the company have in-house structure to implement the policy/ policies?                                                                               | Yes          | Yes           | Yes           | Yes           | Yes           | Yes            | Yes            | Yes           | Yes          |
| 9       | Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/ policies? | Yes          | Yes           | Yes           | Yes           | Yes           | Yes            | Yes            | Yes           | Yes          |
| 10      | Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?                                | Yes          | Yes           | Yes           | Yes           | Yes           | Yes            | NA             | Yes           | Yes          |

## Business Responsibility Report

Note 1: The policies are framed as per applicable law and as per Industry standards.

Note 2: It has been Company's practice to upload policies on Company's website for the information of all the stakeholders. The Code of Conduct for Directors including Independent Directors, the Code of Conduct for senior management, whistle blower policy and CSR Policy are available on the website <http://hexaware.com/investors/>.

Note 3: The policy is uploaded on intra Company website and access of the same is available to all the employees of the Company.

Note 4: While there may not be formal consultation with all stakeholders, the relevant policies have evolved over a period of time by taking inputs from concerned internal stakeholders.

Note 5: While the Company has not carried out independent audit of the policies, the Internal Audit Function periodically looks at the implementation of the policies.

Note 6 : The Policy is approved by respective department heads of the Company.

Note 7: Environment protections is one of the thrust area in CSR Policy and Company has taken many initiatives during 2016 relating to Environment protection.

Note 8: The Company does not have separate policy for advocacy, however Company participates in various suggestions / comments submitted by trade and industry chambers to respective government departments.

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options) – NOT APPLICABLE

| No. | Questions                                                                                                                          | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|-----|------------------------------------------------------------------------------------------------------------------------------------|----|----|----|----|----|----|----|----|----|
| 1   | The Company has not understood the Principles                                                                                      | -  | -  | -  | -  | -  | -  | -  | -  | -  |
| 2   | The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles. | -  | -  | -  | -  | -  | -  | -  | -  | -  |
| 3   | The Company does not have financial or manpower resources available for the task.                                                  | -  | -  | -  | -  | -  | -  | -  | -  | -  |
| 4   | It is planned to be done within the next six months.                                                                               | -- | -  | -- | -  | -  | -  | -  | -  | -  |
| 5   | It is planned to be done within the next one year.                                                                                 | -  | -  | -  | -  | -  | -  | -  | -  | -  |
| 6   | Any other reason (please specify).                                                                                                 | -  | -  | -  | -  | -  | -  | -  | -  | -  |

### 3. Governance related to BR

- Indicate the frequency with which the Board of Directors, Committee of Board or CEO assess the BR performance of the Company. Within 3 months, 3-6 months, annually, more than one year. - Annually
- Does the Company publish a BR or a sustainability report? What is the hyperlink for viewing this report? How frequently it is published? - The Business Responsibility Report will be uploaded on the company's website [www.hexaware.com](http://www.hexaware.com)

### Section E: Principle-wise performance

#### Principle 1

- Does the policy relating to ethics, bribery and corruption cover only the company? No
  - Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others? Yes

The Company has defined Code of Conduct for all employees of the Company that covers issues, inter alia, related to ethics, honesty, misconduct etc. The code of conduct of the employees applies to all the employees of Company including its subsidiaries. It covers dealings with vendors, customers and other business partners.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

During the reporting year, 10 (Ten) complaints were received from the stakeholders, all of which were attended to/ resolved till date. The Company has different mechanisms for receiving and dealing with complaints from various stakeholders like Investors, Customers, Employees and Suppliers etc.

#### Principle 2:

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and / or opportunities.

The Company has undertaken a very noble cause under its CSR initiative to help patients on ventilator support. Under this initiative, Hexaware will create a solution that would alert the technician immediately when the ventilator fails. Since a ventilator support is highly critical to keep a patient alive, such an intervention is life saving and is highly critical.

Also refer section on the conservation of energy on page no. 53 and CSR on page no. 59 of Annual report detailing contribution of the Company towards environment and social impact.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

- a) Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?

Please refer section on the conservation of energy on page no. 53 of Annual report detailing contribution of the Company towards environment, energy and natural resource conservation.

- b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

Please refer section on the conservation of energy on page no. 53 of Annual report detailing contribution of the Company towards environment, energy and natural resource conservation.

3. Does the company have procedures in place for sustainable sourcing (including transportation)?

- (a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

Please refer section on the conservation of energy on page no. 53 of Annual report detailing contribution of the Company towards environment, energy and natural resource conservation.

Further, the Company also ensures that our hired transport vehicle meet environmental regulations including age of the vehicle, pollution check certificates, hygiene standards maintained.

The Company has taken initiative of mass tree plantation in association with Hariyali in ShilPhata, Mumbai as part of World Environment Day.

4. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

The criteria for selection of vendors depends on nature of goods and services, quality, reliability and price, however the Company generally give preferences to suppliers from local & small producers, including communities surrounding the place of work.

- (a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

## Business Responsibility Report

Regular interaction with the vendors and educating them about the standards of quality required and their importance helps to enhance their approach and understanding of support functions.

- Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

OWC (Organic Waste Converter) is installed at Siruseri campus to convert garden and food court waste into manure.

STP water is treated and used for gardening @160KL per day (working day) in year 2016. 42240 KL STP treated water is recycled and reused. The Company undertakes several green campaigns throughout its locations.

Further, the Company also ensures that e-waste is destroyed in environmentally safe method through the hired specialised vendors.

### Principle 3:

- Please indicate the Total number of employees – 12,115 including subsidiaries and contract employees
- Please indicate the Total number of employees hired on temporary/contractual/casual basis – 747
- Please indicate the Number of permanent women employees – Total women employees were 3357 including women employees on contract basis
- Please indicate the Number of permanent employees with disabilities-11
- Do you have an employee association that is recognized by management- No
- What percentage of your permanent employees is members of this recognized employee association – NA
- Please indicate the Number of complaints relating to child labor, forced labor, involuntary labor, sexual harassment in the last financial year and pending, as on the end of the financial year.

| Sr. no. | Category                                   | No. of complaints filed during the financial year | No. of Complaints pending as on end of the financial year |
|---------|--------------------------------------------|---------------------------------------------------|-----------------------------------------------------------|
| 1.      | Child labor/forced labor/involuntary Labor | 0                                                 | 0                                                         |
| 2.      | Sexual harassment                          | 0                                                 | 0                                                         |
| 3.      | Discriminatory employment                  | 0                                                 | 0                                                         |

- What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

Permanent Employees, Permanent Women Employees, Casual/Temporary/Contractual Employees, Employees with Disabilities:

The Company has conducted fire safety drill at various locations wherein all the employees were imparted training on fire evacuation drill, handling of fire extinguishers and methods to evacuate people those who are in need.

Please refer section under HexaVarsity on page no. 48 of Directors report and under Human resources and industrial relations on page no. 101 of the Management Discussion and Analysis detailing training / re-skilling initiatives of the Company which covers all technical employees including contract employees.

The company has conducted Self Defense workshops for its women employees in Mumbai, Pune and Chennai.

### Principle 4:

- Has the company mapped its internal and external stakeholders? – Yes

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalised stakeholders? – Yes
3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.

Refer the section under CSR initiatives on page no. 59 of this Annual report detailing work done and impact created for the disadvantaged / vulnerable and marginalized people of the Society.

**Principle 5:**

1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

Policy covers all subsidiaries, contractors etc.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

None

**Principle 6:**

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.

Environment protection is one of key areas of CSR initiatives of the Company. It covers entire group and its contractors.

2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

Yes, The Company has taken initiative of mass tree plantation in association with Hariyali in ShilPhata, Mumbai as part of World Environment Day. This event was planned keeping in mind the growing urban concrete landscape in areas which was once a lush greenery. Our employees gave this event its due importance and participated enthusiastically in large numbers to make the space which we live, the way it used to be. Over all the employees planted around 200 trees through this event.

The Company employees were also involved in the coastal cleanup activities.

For the steps taken on the energy and other environmental conservation, refer page no. 53 of Annual report

3. Does the company identify and assess potential environmental risks? Y/N

The Company is very serious regarding environmental risk and has taken various initiatives to reduce the environmental risk.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof , in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

Not Applicable

5. Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc? Y/N. If yes, please give hyperlink for web page etc.

Refer section on energy conservation on page no. 53 of Annual report.

Siruseri campus in Chennai and Pune SEZ are LEED standard compliant

Further, the initiative was planned around and delivered at the Chennai campus with the group of employees volunteers who came forward to clear the waste and weeds around the campus. As apart of this, the Company laid the over HT cable, which was a possible threat to public safety, as an underground line and converted the open drainage system around the campus as a covered channel.

## Business Responsibility Report

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

Yes, these are within the permissible limits.

7. Number of show cause/legal notices received from CPCB/ SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year. –

The Company has not received any show cause / Legal Notice from CPCB / SPCB during the year.

### Principle 7:

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

Yes. The Company is a member of following trade chamber or association:

- International Association of Outsourcing Professionals (IAOP);
- The National Association of Software and Services Companies (NASSCOM) ;
- FICCI
- Bombay Chamber of Commerce

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others). Yes

The Company participates with the industry association's consultation on various aspects like governance and administration, Economic reforms, Development policies ( focus on skill buildings and literacy) and Tax and other legislations.

### Principle 8

1. Does the company have specified programmes/initiatives/ projects in pursuit of the policy related to Principle 8? If yes details thereof.

The Company has taken various initiatives / projects / Programmes under CSR. The details of CSR activities are given in Annexure 4 of Directors Report.

2. Are the programmes/projects undertaken through in house team/own foundation/external NGO/government structures/any other organization?

CSR initiatives are implemented either directly by the Company through its employees or through implementing agency which provide guidance to Company to identify CSR projects and NGOs having an established track record of at least 3 years in carrying on the specific activity.

3. Have you done any impact assessment of your initiative?

Currently, the Company monitors the reach and outcome of its CSR initiatives through project reports and assessments conducted by Implementing Agency.

4. What is your company's direct contribution to community development projects – Amount in INR and the details of the projects undertaken?

The Company's contribution for CSR projects amounts to ₹ 41.21 million during the Financial Year 2016. Details of the projects undertaken are given under CSR report on page no. 59 of Annual report.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

Yes. Initiatives conducted under CSR are tracked to determine the outcomes achieved and the benefits to the community. Internal tracking mechanisms, reports and follow-up field visits, telephonic and email communications are regularly carried out. The Company has engaged highly trained employees to drive and monitor the CSR activities.

#### **Principle 9**

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.

None

2. Does the company display product information on the product label, over and above what is mandated as per local laws?

Hexaware is software solution provider hence this question is not applicable.

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anticompetitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so. –

There is no such case against the Company.

4. Did your company carry out any consumer survey/ consumer satisfaction trends?

Customer satisfaction survey is done on periodic basis to measure the level of satisfaction of customer. An Independent agency conducts the survey. The Company maintained customer satisfaction score of 66.2

## Corporate Governance Report for the year 2016

### 1. Brief Statement on philosophy on Code of Governance:

Good corporate governance underpins the success and integrity of the organizations, institutions and markets. It is one of the essential pillars for building an efficient and sustainable environment. Strong leadership and effective corporate governance practices have always been priorities of the Company.

Corporate Governance is based on the principles of integrity, fairness, equity, transparency, accountability and commitment to values. Good governance practices stem from the culture and mindset of the organization. The effectiveness of corporate governance in the Company depends on regular review, preferably regular independent review. The Company considers fair and transparent corporate governance as one of its most core management tenets. The Company has adopted a Code of Conduct for its Directors, Employees, and has also adopted a Code of Conduct to regulate, monitor and report trading by insiders and also a fair disclosure code. Some of the important best practices of Corporate Governance framework are timely and accurate disclosure of information regarding the financial position, performance, ownership and governance of the Company.

The management ensures compliance with corporate governance laws, regulations and policies and the Company is focusing on building business processes and infrastructures that not only ensure compliance but also increase their company's capacity for efficiency, agility, and responsive management. We decisively believe that it is only through good corporate governance practices that we can achieve sustainable growth of the organisation and create long term shareholder value.

There is a separation of the role of Chairman of the Board and the Chief Executive Officer; a practice that has been in place for more than 14 years in the Company. The Company has adopted the Code of Conduct for Board of Directors, Senior Management Personnel, Prevention of Insider Trading and Whistle Blower policy. Further, the Company provides detailed disclosures in quarterly financial statements to show where the funds are invested/ held in a safe 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. The Code of conduct of Board of Directors and senior management personnel are available on the website of the Company at <http://hexaware.com/investors/>.

### 2. Board of Directors:

#### 2.1 Composition and category of Directors:

The composition of the Board of Directors of the Company represents an optimum combination of professionalism, knowledge and experience. The Board comprises of ten (10) Directors as on December 31, 2016. Of these, Nine Directors are Non-Executive and five amongst them are Independent Directors. Mr. Atul K. Nishar is Non-Executive Chairman of the Board. Mrs. Meera Shanker (DIN: 06374957) was appointed as an Independent Director w.e.f 11th April, 2016 for a period of two years, Mr. Basab Pradhan (DIN: 00892181) & Mr. Christian Oecking (DIN: 03090264) were reappointed for a period of three years w.e.f June 9, 2016 and June 26, 2016 respectively and Mr. Bharat Shah (DIN number 00136969) and Mr. Dileep Choksi (DIN: 00016322) were re-appointed for a period of three years w.e.f October 17, 2016. Mr. P R Chandrasekar (DIN: 02251080) was reappointed as Non-Executive Director of the Company for one year w.e.f January 1, 2017.

Independent Directors are non-executive directors as defined under regulation 16 (1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The maximum tenure of the Independent Directors is in compliance with the Companies Act, 2013 ("Act"). All the Independent Directors have confirmed that they meet the criteria as mentioned under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 149 of the Companies Act, 2013.

The composition of the Board of Directors of the Company as on December 31, 2016 is given below:

| Name                                  | Designation              | Category                           | Shareholding as on 31st December, 2016 |
|---------------------------------------|--------------------------|------------------------------------|----------------------------------------|
| Mr. Atul K. Nishar*<br>(DIN 00307229) | Chairman                 | Non-Independent /<br>Non-Executive | 1,000                                  |
| Mr. R. Srikrishna<br>(DIN 03160121)   | CEO & Executive Director | Non-Independent                    | Nil                                    |

| Name                                       | Designation   | Category                           | Shareholding as on 31st December, 2016 |
|--------------------------------------------|---------------|------------------------------------|----------------------------------------|
| Mr. Jimmy Mahtani<br>(DIN 00996110)        | Vice Chairman | Non-Independent<br>Non-Executive   | Nil                                    |
| Mr. Kosmas Kalliarekos<br>(DIN 03642933)   | Director      | Non-Independent<br>Non-Executive   | Nil                                    |
| Mr. P. R. Chandrasekar**<br>(DIN 02251080) | Director      | Non-Independent /<br>Non-Executive | Nil                                    |
| Mr. Bharat Shah***<br>(DIN 00136969)       | Director      | Independent<br>Non-Executive       | 30,000                                 |
| Mr. Dileep Choksi<br>(DIN 00016322)        | Director      | Independent<br>Non-Executive       | Nil                                    |
| Mr. Basab Pradhan<br>(DIN 00892181)        | Director      | Independent<br>Non-Executive       | 15,000                                 |
| Mr. Christian Oecking<br>(DIN 03090264)    | Director      | Independent<br>Non-Executive       | Nil                                    |
| Mrs. Meera Shankar<br>(DIN 06374957)       | Director      | Independent<br>Non-Executive       | Nil                                    |

\* Shares held by Mr. Atul Nishar's family members are as follows : Dr. (Mrs.) Alka Atul Nishar - Wife 1,000 shares, Ms. Devangi - Daughter 3,43,720 Shares and Ms. Priyanka - Daughter 3,15,690 Shares.

\*\* Mr. P R Chandrasekar (DIN 02251080) was re-appointed as Non-Executive Director of the Company for one year w.e.f January 1, 2017.

\*\*\* Mr. Bharat Shah is holding 30,000 Shares and Bharat Shah HUF is holding 50,000 Shares as on 31st December, 2016.

## 2.2 Attendance of each Director at the Board Meetings, the last Annual General Meeting and number of other Directorship or committees in which a Director is a member or Chairperson:

The attendance of the Directors at the Board Meeting and the Annual General Meeting held during the year 2016 was as follows:

| Directors              | Board Meetings Held During the Tenure of Director | Board Meetings attended during the year | Whether attended last AGM | Directorship of other Indian Public Companies | Board Committee Membership/ (Chairmanship) |
|------------------------|---------------------------------------------------|-----------------------------------------|---------------------------|-----------------------------------------------|--------------------------------------------|
| Mr. Atul K. Nishar     | 6                                                 | 5                                       | Yes                       | NIL                                           | 1(1)                                       |
| Mr. R. Srikrishna      | 6                                                 | 5                                       | Yes                       | NIL                                           | NIL                                        |
| Mr. Jimmy Mahtani      | 6                                                 | 6                                       | No                        | 1                                             | 1                                          |
| Mr. Kosmas Kalliarekos | 6                                                 | 5                                       | No                        | NIL                                           | NIL                                        |
| Mr. P. R. Chandrasekar | 6                                                 | 5                                       | No                        | 1                                             | 2                                          |
| Mr. Bharat Shah        | 6                                                 | 4                                       | Yes                       | 9                                             | 7(1)                                       |
| Mr. Dileep Choksi      | 6                                                 | 6                                       | Yes                       | 7                                             | 8(4)                                       |
| Mr. Basab Pradhan      | 6                                                 | 4                                       | No                        | NIL                                           | 2                                          |
| Mr. Christian Oecking  | 6                                                 | 5                                       | No                        | NIL                                           | 1                                          |
| Mrs. Meera Shankar     | 5                                                 | 5                                       | Yes                       | 3                                             | 2                                          |

### Notes:

- 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 regulation 26), across all companies of which he / she is a director. Necessary disclosures regarding Committee positions in other Indian public companies as at December 31, 2016 have been made by the Directors.
- The committees considered for the above purpose are those as specified in regulation 26 of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 i.e. Audit Committee and Stakeholders Relationship Committee.

## Corporate Governance Report for the year 2016

3. Video Conferencing facilities are also used to facilitate directors travelling / residing abroad or at other locations to participate in the meetings and counted for the purpose of attendance.

### 2.3 Number of meetings of the Board of Directors held and dates of the Board Meeting held:

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 one hundred and twenty days. Apart from the four scheduled Board Meetings, additional Board Meetings are also convened to address 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, 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. As per Secretarial Standard, draft minutes and signed minutes of the Meeting are circulated within the prescribed time. Action taken report arising out of previous meeting is placed at the succeeding meeting of the Board / Committee.

During the year six Board Meetings were held respectively on February 03, 2016, May 04, 2016, June 23, 2016, July 28, 2016, October 25, 2016 and December 22, 2016.

The necessary quorum was present for all the meetings.

During the year 2016, information as mentioned in Schedule II as per regulation 17 (7) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has been placed before the board for its consideration.

The terms and conditions of appointment of the Independent Directors are disclosed on the website of the Company at <http://hexaware.com/investors/>

During the year a separate meeting of the Independent Directors was held on 22nd December, 2016 to review the performance of Non-Independent Directors, Chairperson and the board as a whole.

The Board periodically reviews compliance reports of all laws applicable to the Company, prepared by the Company.

### 2.4 Relationship between the Directors inter-se:

The Board comprises of combination of Independent, Non-Executive and Executive Director. None of the Directors have any relationship with other Directors. Mr. Kosmas Kalliarekos and Mr. Jimmy Mahtani are representatives of Holding Company i.e HT GLOBAL IT SOLUTIONS HOLDINGS LIMITED.

### 2.5 Number of Share and convertible instruments held by Non-Executive Directors:

The details of Shares held by the Non-Executive Directors are already given under 2.1 above. The Company has not issued any type of Convertible instruments to Non-Executive Directors.

### 2.6 Familiarization programme of Independent Director of the Company:

In order to enable the Directors to fulfill the governance role, comprehensive presentations are made on various business opportunities, business models, risk minimization procedures, new initiatives of the Company. Changes in domestic/overseas corporate and industry scenario including their effect on the Company, statutory matters are also presented to the directors during the Board Meetings. The Board Meetings are generally conducted between 6 to 8 hours and Board Meetings were held on February 3, 2016, May 4, 2016, June 23, 2016, July 28, 2016, October 25, 2016 and December 22, 2016. The details of familiarization programme of Independent Directors of the Company is available on the website of the Company at the following link <http://hexaware.com/investors/>

## 3. Audit Committee:

The Audit committee of the Company is constituted in line with the provisions of Section 177 of the Companies Act, 2013 and is in line with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The primary objective of the committee is to monitor and provide an effective supervision of the Management's financial reporting process, to ensure accurate and timely disclosures, with the highest levels of transparency, integrity and quality of financial reporting. The committee oversees the work carried out in the financial reporting process by the Management, the internal auditors and the Statutory auditors, the safeguards employed by each of them.

The Company has framed the mandate and working procedures of the Audit committee as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 defining therein the Role, Membership, Operations, powers, meeting procedures etc.

### 3.1 Composition, name of Members and Chairman:

The Board of Directors at its meeting held on 25th October, 2016 have re-constituted the Audit Committee.

The Audit Committee of the Company before re-constitution comprised of the following members: Mr. Dileep Choksi (Chairman), Mr. Bharat Shah, Mr. Jimmy Mahtani, Mr. Christian Oecking, Mr. Basab Pradhan, all being Non - Executive Directors and four of them being Independent Directors.

The Audit Committee of the Company (after re-constitution) as on December 31, 2016 comprised of the following members: Mr. Dileep Choksi (Chairman), Mrs. Meera Shankar, Mr. Jimmy Mahtani, Mr. Christian Oecking, Mr. P R Chandrasekar, all being Non-Executive Directors and three of them being Independent Directors.

All members of the Audit Committee have accounting and financial management knowledge. Mr. Dileep Choksi is the Chairman of the Audit Committee and has accounting and financial management expertise.

The Chief Financial Officer, the Partner / Representative of the Statutory Auditors and the 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 four times respectively on February 3, 2016, May 04, 2016, July 28, 2016, October 25, 2016 and the necessary quorum was present at the meetings.

Mr. Dileep Choksi, Chairman of Audit Committee had attended the Annual General Meeting held on August 30, 2016 and answered the queries raised by the shareholders.

The attendance record of the members is as per the table given in point 3.3

### 3.2 Broad terms of reference:

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

1. Oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board of Directors for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
  - b. Changes, if any, in accounting policies and practices and reasons for the same;
  - c. Major accounting entries involving estimates based on the exercise of judgment by management;
  - d. Significant adjustments made in the financial statements arising out of audit findings;
  - e. Compliance with listing and other legal requirements relating to financial statements;
  - f. Disclosure of any related party transactions;
  - g. Modified opinion (s) in the draft audit report.

## Corporate Governance Report for the year 2016

5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. Reviewing 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;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower mechanism;
19. Approval of appointment of Chief Financial officer after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

### 3.3 Meetings and Attendance during the year 2016:

| Name of the Director         | Category        | No. of meetings held during the year / During the Tenure of Director | Meetings Attended |
|------------------------------|-----------------|----------------------------------------------------------------------|-------------------|
| Mr. Dileep Choksi - Chairman | Independent     | 4                                                                    | 4                 |
| Mr. Bharat Shah              | Independent     | 4                                                                    | 4                 |
| Mr. Christian Oecking        | Independent     | 4                                                                    | 4                 |
| Mr. Basab Pradhan            | Independent     | 4                                                                    | 4                 |
| Mr. Jimmy Mahtani            | Non-Independent | 4                                                                    | 4                 |

## 4. Nomination and Remuneration Committee:

### 4.1 Brief description and terms of reference:

The scope of the Committee is to identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and to carry out evaluation of every director's performance. The committee identifies, screens and reviews individuals qualified to serve as executive directors, non-executive directors

and Independent Directors consistent with criteria approved by the Board and recommends to the Board for approval.

The Company has framed the mandate and working procedures of the committee as required under Section 178 of Companies Act, 2013 defining therein the Role, Membership, meeting procedures etc. as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Pursuant to the regulation 19(4) read with part D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the role of the Nomination & Remuneration Committee shall include the following:

- (1) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
- (2) Formulation of criteria for evaluation of performance of Independent Directors and the board of directors;
- (3) Devising a policy on diversity of board of directors;
- (4) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.
- (5) Whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.

#### 4.2 Composition, name of members and chairperson:

The Board of Directors at its meeting held on 25th October, 2016 have re-constituted the Nomination and Remuneration committee of the Company.

The Nomination and Remuneration Committee of the Company before re-constitution comprised of the following members : Mr. Bharat Shah (Chairman), Mr. Kosmas Kalliarekos, Mr. Jimmy Mahtani, Mr. Atul Nishar, Mr. Christian Oecking and Mr. Basab Pradhan all being Non-Executive Directors.

The Nomination and Remuneration Committee of the Company (after re-constitution) as on 31st December, 2016 comprised of the following members : Mr. Basab Pradhan (Chairman), Mr. Kosmas Kalliarekos, Mr. Jimmy Mahtani, Mr. Christian Oecking and Mr. Bharat Shah all being Non-Executive Directors and Majority are Independent Directors.

#### 4.3 Meeting and attendance during the year 2016:

During the year, the Nomination & Remuneration Committee met 5 (five) times that is on February 3, 2016, May 04, 2016, July 28, 2016, August 30, 2016 and October 24, 2016. Necessary quorum was present at the meeting.

The attendance record is as per the table given below :

| Name of the Director       | Category        | No. of meetings held during the year / During the Tenure of Director | Attended |
|----------------------------|-----------------|----------------------------------------------------------------------|----------|
| Mr. Bharat Shah - Chairman | Independent     | 5                                                                    | 5        |
| Mr. Kosmas Kalliarekos     | Non-Independent | 5                                                                    | 4        |
| Mr. Jimmy Mahtani          | Non-Independent | 5                                                                    | 4        |
| Mr. Atul Nishar            | Non-Independent | 5                                                                    | 4        |
| Mr. Christian Oecking      | Independent     | 5                                                                    | 4        |
| Mr. Basab Pradhan          | Independent     | 5                                                                    | 4        |

#### 4.4 Performance evaluation criteria:

The Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 mandates evaluation of performance of Independent Directors, Non Independent Directors and Chairperson. The Companies Act, 2013 states that a format annual evaluation needs to be made by the Board of its own performance and that of its committees and individual Directors. Schedule IV of the Companies Act, 2013 states that the performance evaluation of Independent Directors shall be done by the entire board of Directors, excluding the director being evaluated.

## Corporate Governance Report for the year 2016

The performance of the Board was evaluated by the Board after seeking inputs from all the directors on the basis of the criteria such as the Board composition and structure, effectiveness of board processes, information and functioning, etc.

The performance of the committees was evaluated by the board after seeking inputs from the committee members on the basis of the criteria such as the composition of committees, effectiveness of committee meetings, etc.

The Board and the Nomination and Remuneration Committee ("NRC") reviewed the performance of the individual directors on the basis of the criteria approved by the Board.

In a separate meeting of Independent Directors held on December 22, 2016, performance of Non-Independent directors, performance of the board as a whole and performance of the Chairman was evaluated.

Further SEBI vide its guidance note dated January 5, 2017 has suggested process / practise that may be adopted by the Companies for performance evaluation. The Company is in process of evaluating the required changes, if any, in performance evaluation process as per the SEBI guidance note.

### 5. Remuneration of Directors:

#### 5.1 Remuneration Policy:

The objective of this Policy is directed towards having a compensation philosophy and structure that will reward and retain talent.

The Company has adopted and implemented the provisions of Section 178 of the Companies Act, 2013 on the requirement of the Committee to recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.

The remuneration payable to Executive Director and Chief Executive Officer shall be arrived after taking into account the Company's overall performance, their contribution for the same and trends in the industry in general, in a manner which will ensure and support a high performance culture.

The remuneration payable to Directors, Key Managerial Personnel and Senior Management person will involve a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals. The compensation may include in the form of Employee Stock Options or other similar equity instruments as may be approved by the Committee.

Non-Executive Directors of the Company shall be paid a sitting fee for attending meetings of the Board and Committees. The Non Whole Time Directors are also paid commission upto an aggregate amount not exceeding 1% of the net profits of the Company for the relevant financial year subject to shareholders approval.

#### 5.2 Details of pecuniary relationship or transactions of the Non- Executive Directors with the Company during year 2016:

| Sr. No. | Name of Director        | Commission (in ₹) | Sitting Fees (in ₹) | ESOP |
|---------|-------------------------|-------------------|---------------------|------|
| 1.      | Mr. Atul Nishar         | NIL               | NIL                 | NIL  |
| 2.      | Mr. Jimmy Mahtani       | NIL               | NIL                 | NIL  |
| 3.      | Mr. Kosmas Kalliarekos  | NIL               | NIL                 | NIL  |
| 4.      | Mr. P. R. Chandrasekar  | 6792500           | NIL                 | NIL  |
| 5.      | Mr. Bharat Shah         | 6792500           | 300000              | NIL  |
| 6.      | Mr. Basab Pradhan       | 6792500           | 240000              | NIL  |
| 7.      | Mr. Christian Oecking   | 6792500           | 320000              | NIL  |
| 8.      | Mrs. Meera Shankar      | 4905694           | 140000              | NIL  |
| 9.      | Mr. Dileep Choksi       | 6792500           | 220000              | NIL  |
| 10.     | Dr. Punita Kumar Sinha* | 215094            | NIL                 | NIL  |

\* Dr. Punita Kumar Sinha has tendered her resignation w.e.f 12th January, 2016

### 5.3 Criteria of making payments to Non-Executive 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.

For the year 2016, the Board of Directors approved payment of commission to the Independent Directors Mr. Bharat Shah, Mr. Dileep Choksi, Mr. Basab Pradhan, Mr. Christian Oecking, Mrs. Meera Shankar and Dr. Punita Kumar-Sinha based on their duration of association and terms of appointment aggregating to USD 575,448 and USD 100000 to Mr. P R Chandrasekar, Non - Executive Director. The Company also reimburses the out-of-pocket expenses incurred by the Directors for attending meetings.

No payment by way of bonus, pension, incentives, stock options etc. was made to Non-Executive Directors.

### 5.4 Disclosure with respect to remuneration:

|                               | ₹ million        |
|-------------------------------|------------------|
|                               | Mr. R Srikrishna |
| Salary and allowance          | 2.81             |
| Benefits *                    | 48.65            |
| Bonus                         | -----            |
| Pension                       | -----            |
| Fixed Components              | -----            |
| Performance linked incentives | 0.91             |
| Severance fees                | -----            |
| Total                         | 52.37            |
| Notice Period                 | 90 days          |

**\* Note:**

- Above does not include remuneration of ₹ 70.73 million paid by overseas subsidiary of the Company.
- Cost computed as per Guidance note on Share Based Payments issued by ICAI and amortised over vesting period.

**Other details as required under Companies Act, 2013 are given in Directors Report.**

On July 28, 2016, 238,592 Restricted Stock Units (RSUs) were granted at a price of ₹ 2/- to Mr. R Srikrishna, CEO & Executive Director under the Employee Stock Option Scheme 2015 convertible into equal number of equity shares of the company, which shall vest after one year.

### Criteria of making payments to Executive Director:

As per the policy, the remuneration payable to Executive Director shall be arrived after taking into account the Company's overall performance, their contribution for the same and trends in the industry in general, in a manner which will ensure and support a high performance culture.

The remuneration payable to Executive Director will involve a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals. The compensation may include Employee Stock Options or other similar equity instruments as may be approved by the Committee.

## 6. Stakeholders Relationship Committee:

This Committee is constituted in compliance with Section 178 of the Companies Act, 2013, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Stakeholders Relationship Committee is responsible for resolving investor's complaints pertaining to share transfers, non-receipt of annual reports, Dividend payments, issue of duplicate share certificates, transmission of shares and other shareholder related queries, complaints etc.

## Corporate Governance Report for the year 2016

### 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) Loss of Share Certificate
- j) Registrar / Share Transfer Agent
- k) Details of Compliance officer / Designed official responsible for assisting and handling investor grievances
- l) Contact details of Key Managerial Personnel authorize to determining the materiality of an event or information
- m) Investor Education and Protection Fund details

**6.1** Mr.Atul K Nishar, Non Executive - Chairman of the Board is heading the Committee.

### **6.2 Composition, meeting and attendance of the Committee meetings:**

The Board of Directors at its meeting held on 25th October, 2016 have re-constituted the Stakeholders Relationship Committee of the Company.

The Stakeholders Relationship Committee of the Company before re-constitution comprised of the following members : Mr. Atul Nishar (Chairman) and Mr. Jimmy Mahtani both being Non-Executive Directors.

The Stakeholders Relationship Committee of the Company (after re-constitution) as on 31st December, 2016 comprised of the following members: Mr. Atul Nishar (Chairman), Mr. Basab Pradhan, Mr. Dileep Choksi and Mr. P R Chandrasekar all being Non-Executive Directors and half of them are Independent Directors.

During the year, the Stakeholders Relationship Committee met 1 (one) time that is on October 25, 2016. Necessary quorum was present at the meeting.

The attendance record is as per the table given below:

| Name of the Director       | Category          | No. of meetings held during the year / During the Tenure of Director | Attended |
|----------------------------|-------------------|----------------------------------------------------------------------|----------|
| Mr. Atul Nishar - Chairman | Non - Independent | 1                                                                    | 1        |
| Mr. Jimmy Mahtani          | Non-Independent   | 1                                                                    | 1        |

### **6.3 Name and designation of Compliance officer:**

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

#### 6.4 Summary of Shareholders Complaints:

|                                                                     |     |
|---------------------------------------------------------------------|-----|
| Number of Complaints received                                       | 9   |
| Number of Complaints not solved to the satisfaction of Shareholders | NIL |
| Number of Pending Complaints*                                       | 01  |

\* The pending complaint was resolved and disposed off by SEBI as on 18th January, 2017

#### 7. CSR Committee:

The Board of Directors at its meeting held on 25th October, 2016 have re-constituted the Corporate Social Responsibility Committee of the Company.

The Corporate Social Responsibility Committee of the Company before re-constitution of Committee comprised of the following members: Mr. Bharat Shah (Chairman), Mr. Atul Nishar, Mr. Jimmy Mahtani, Mr. Christian Oecking and Mr. Basab Pradhan all being Non-Executive Directors and half are Independent Directors.

The Corporate Social Responsibility Committee of the Company (after re-constitution) as on 31st December, 2016 comprised of the following members: Mr. Bharat Shah (Chairman), Mr. Atul Nishar, Mrs. Meera Shankar and Mr. Christian Oecking all being Non-Executive Directors and majority of them are Independent Directors.

The scope of the committee is to :

- formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII to Companies Act, 2013;
- recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and
- monitor the Corporate Social Responsibility Policy of the Company from time to time.

The committee oversees the CSR activities and execution of initiatives approved by the Board.

The CSR policy of the Company is available on our website <http://hexaware.com/investors/>.

#### Meeting and attendance during the year 2016:

During the year, the Corporate Social Responsibility Committee met 1 (One) time that is on October 25, 2016. Necessary quorum was present at the meeting.

The attendance record is as per the table given below:

| Name of the Director       | Category        | No. of meetings held during the year / During the Tenure of Director | Attended |
|----------------------------|-----------------|----------------------------------------------------------------------|----------|
| Mr. Bharat Shah - Chairman | Independent     | 1                                                                    | 1        |
| Mr. Atul Nishar            | Non-Independent | 1                                                                    | 1        |
| Mr. Christian Oecking      | Independent     | 1                                                                    | 1        |
| Mrs. Meera Shankar         | Independent     | 1                                                                    | 1        |

#### 8. Strategy and Risk Committee:

The Board of Directors at its meeting held on 25th October, 2016 have constituted a new Committee i.e Strategy and Risk Committee.

The Strategy and Risk Committee of the Company as on 31st December, 2016 comprised of the following members: Mr. Atul Nishar (Chairman), Mr. Jimmy Mahtani, Mr. Kosmas Kalliarekos, Mr. P R Chandrasekar, Mr. Basab Pradhan and Mr. Bharat Shah, all being Non-Executive Directors.

The Strategy and Risk Committee is constituted for reviewing the strategic plan for the Company and identifying potential business and operational risks.

#### Meeting and attendance during the year 2016:

During the year, no meeting was held of Strategy and Risk Committee.

## Corporate Governance Report for the year 2016

### 9. Other Committees:

The following Committees were dissolved during the year 2016:

- i) Banking, Investments, Operations and Forex Committee;
- ii) Capital Issue Committee;
- iii) Infrastructure Committee;
- iv) Special Committee for Internal Automation.

There were no meetings of the above committees during the year.

### 10. Risk Management:

Risk Management at Hexaware is considered as very important function. It is backed by qualified team of experts in the industry. The Company has well defined Enterprise Risk Management (ERM) framework in place. The primary objective of ERM function is to implement a framework that augments risk response decisions and reduce surprises. ERM programme involves risk identification, assessment and risk mitigation planning for strategic, operational, financial and compliance related risks across various levels of the organization.

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 Board has formed Strategy and Risk Committee to oversee activities related to risk minimization.

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

### 11. General Body Meetings:

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

| Financial year | General Meeting             | Location                                                                                                                                         | Date                     | Time      | Particulars of special resolution passed                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|----------------|-----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|-----------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2015           | 23rd Annual General Meeting | M. C. Ghia Hall, 4th Floor, Bhogilal Hargovinddas Building, 18/20, K. Dubhash Marg, behind Prince of Wales Museum/ Kala Ghoda, Mumbai - 400 001. | Tuesday, August 30, 2016 | 3.00 p.m  | <ol style="list-style-type: none"> <li>1. Re-appointment of Independent Director, Mr. Basab Pradhan, Independent Director for a period of Three years.</li> <li>2. Re-appointment of Independent Director, Mr. Christian Oecking, Independent Director for a period of Three years.</li> <li>3. Change in Place of keeping the Register of Members, Index of Members etc</li> </ol>                                                                                                                            |
| 2014           | 22nd Annual General Meeting | M. C. Ghia Hall, 4th Floor, Bhogilal Hargovinddas Building, 18/20, K. Dubhash Marg, behind Prince of Wales Museum/ Kala Ghoda, Mumbai - 400 001. | Thursday, May 7, 2015    | 4.00 p.m. | <ol style="list-style-type: none"> <li>1. Amendment to Articles of Association of the Company.</li> <li>2. Payment to Non-Whole Time Directors.</li> <li>3. Approval of Hexaware Technologies Limited Employee Stock Option Plan 2015 and grant of Employee Stock Options to employees of the Company thereunder.</li> <li>4. Grant of Employee Stock Options to the employees of the subsidiary Company (ies) of the Company under Hexaware Technologies Limited Employee Stock Options Plan 2015.</li> </ol> |

| Financial year | General Meeting             | Location                                                                                                                                        | Date                   | Time      | Particulars of special resolution passed |
|----------------|-----------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|-----------|------------------------------------------|
| 2013           | 21st Annual General Meeting | M. C. Ghia Hall, 4th Floor, Bhogilal Hargovinddas Building, 18/20, K. Dubhash Marg, behind Prince of Wales Museum/Kala Ghoda, Mumbai - 400 001. | Friday, April 25, 2014 | 3.30 p.m. | NA                                       |

All special resolutions set out in the notices for the AGMs were passed by the shareholders at the respective meetings with requisite majority.

### 11.2 Postal Ballot:

During the year, pursuant to Section 110 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 (including any statutory amendment(s) or re-enactment(s) made thereunder), the Company passed the Special Resolution for approval of Buyback of Shares by postal ballot, the details of voting are given below:

| Category                    | Mode of Voting                | No. of shares held (1) | No. of votes polled (2) | % of Votes Polled on outstanding shares (3)=[(2)/(1)]*100 | No. of Votes - in favour (4) | No. of Votes - against (5) | % of Votes in favour on votes polled (6)=[(4)/(2)]*100 | % of Votes against on votes polled (7)=[(5)/(2)]*100 |
|-----------------------------|-------------------------------|------------------------|-------------------------|-----------------------------------------------------------|------------------------------|----------------------------|--------------------------------------------------------|------------------------------------------------------|
| Promoter and Promoter Group | E-Voting                      | 215,047,193            | 215,047,193             | 100.0000                                                  | 215,047,193                  | 0                          | 100.0000                                               | 0.0000                                               |
|                             | Poll                          |                        | 0                       | 0.0000                                                    | 00                           | 0                          | 0.0000                                                 | 0.0000                                               |
|                             | Postal Ballot (if applicable) |                        | 0                       | 0.0000                                                    | 00                           | 0                          | 0.0000                                                 | 0.0000                                               |
|                             | <b>Total</b>                  |                        | <b>215,047,193</b>      | <b>100.0000</b>                                           | <b>215,047,193</b>           | <b>0</b>                   | <b>100.0000</b>                                        | <b>0.0000</b>                                        |
| Public-Institutions         | E-Voting                      | 50,888,344             | 44,804,970              | 88.0456                                                   | 44,804,970                   | 0                          | 100.0000                                               | 0.0000                                               |
|                             | Poll                          |                        | 400,000                 | 0.7860                                                    | 400,000                      | 0                          | 100.0000                                               | 0.0000                                               |
|                             | Postal Ballot (if applicable) |                        | 0                       | 0.0000                                                    | 00                           | 0                          | 0.0000                                                 | 0.0000                                               |
|                             | <b>Total</b>                  |                        | <b>45,204,970</b>       | <b>88.8316</b>                                            | <b>45,204,970</b>            | <b>0</b>                   | <b>100</b>                                             | <b>0</b>                                             |
| Public- Non Institutions    | E-Voting                      | 36,092,658             | 266,961                 | 0.7397                                                    | 212,504                      | 54,457                     | 79.6011                                                | 20.3988                                              |
|                             | Poll                          |                        | 45,804                  | 0.1269                                                    | 42,309                       | 3,495                      | 92.3696                                                | 7.6303                                               |
|                             | Postal Ballot (if applicable) |                        | 0                       | 0.0000                                                    | 00                           | 0                          | 0.0000                                                 | 0.0000                                               |
|                             | <b>Total</b>                  |                        | <b>312,765</b>          | <b>0.8666</b>                                             | <b>254,813</b>               | <b>57,952</b>              | <b>81.4711</b>                                         | <b>18.5289</b>                                       |
|                             | <b>Total</b>                  | <b>302,028,195</b>     | <b>260,564,928</b>      | <b>86.2717</b>                                            | <b>260,506,976</b>           | <b>57,952</b>              | <b>99.9778</b>                                         | <b>0.0222</b>                                        |

M/s. S. N. Ananthasubramanian & Co., Practicing Company Secretary, was appointed as the Scrutinizer for carrying out the postal ballot process in a fair and transparent manner.

### Procedure for Postal Ballot:

In compliance with Sections 108, 110 and other applicable provisions of the Companies Act, 2013 read with the Rules issued thereunder, the Company provided electronic voting (e-voting) facility to all its members. The Company engaged the services of NSDL for the purpose of providing e-voting facility to all its members. The members were given the option to vote either by physical ballot or through e-voting.

The Company dispatched the postal ballot notices and forms along with postage prepaid business reply envelopes to its members whose names appear on the Register of Members / list of beneficiaries as on cut off date. The postal ballot notice was sent to members in electronic form to the email addresses registered with the depository participants / Company's Registrar & Share Transfer Agents. The Company also published notice in the newspapers declaring the details of completion of dispatch and other requirements under the Companies Act, 2013 and the Rules issued thereunder.

## Corporate Governance Report for the year 2016

Voting rights were reckoned on the paid up value of shares of the the Company in the names of the shareholders as on the cut - off date. Members desiring to vote through physical ballot were requested to return the forms, duly completed and signed to as to reach the Scrutinizer before the close of the voting period. Members desiring to exercise their votes by electronic mode were requested to vote before the close of business hours on the last date of e-voting.

The Scrutinizer submitted his report to the Chairman, after the completion of scrutiny and the consolidated results of the voting by postal ballot were then announced by the Chairman of the Company. The results were displayed on the website of the Company ([www.hexaware.com](http://www.hexaware.com)), besides being communicated to the Stock Exchanges and Registrar & Share Transfer Agents. The date of declaration of results of Postal Ballot was the date on which the resolution was deemed to have been passed, approved by requisite majority.

### 12. Means of Communication:

We have established procedures to disseminate, in a planned manner, relevant information to our shareholders, analysts, employees and the society at large.

- The quarterly, half yearly and Annual Results were published in Business Standard in English and Sakal / Lakshadeep in Marathi. Other communications were published in Business Standard / Free Press Journal in English and Navshakti / Lakshadeep in Marathi.
- The Company's audited financial results, press releases and the presentations made to institutional investors and analyst and other intimations to Stock Exchanges are posted on the Company's website - [www.hexaware.com](http://www.hexaware.com) and websites of BSE and NSE viz. [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com)

### 13. General Shareholder information:

#### 13.1 Twenty fourth Annual General Meeting:

|       |                                                                                                                                                 |
|-------|-------------------------------------------------------------------------------------------------------------------------------------------------|
| Date  | 24th April, 2017                                                                                                                                |
| Time  | 4:00 pm                                                                                                                                         |
| Venue | M. C. Ghia Hall, 4th Floor, Bhogilal Hargovinddas Building, 18/20, K. Dubhash Marg, behind Prince of Wales Museum/Kala Ghoda, Mumbai - 400 001. |

#### 13.2 Financial Calendar for the year 2016:

| Financial year             | January 1, 2016 to December 31, 2016                                                                                                                            |
|----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Dividend Payment           | 1st Interim Dividend was paid on May 19, 2016 @ ₹ 2.50 per share (125%) which may be confirmed by the shareholders at the ensuing Annual General Meeting.       |
|                            | 2nd Interim Dividend was paid on August 16, 2016 @ ₹ 1.00 per share (50%) which may be confirmed by the shareholders at the ensuing Annual General Meeting.     |
|                            | 3rd Interim Dividend was paid on November 11, 2016 @ ₹ 1.00/- per share (50%) which may be confirmed by the shareholders at the ensuing Annual General Meeting. |
|                            | 4th Interim Dividend was paid on March 08, 2017 @ ₹ 1.00/- per share (50%) which may be confirmed by the shareholders at the ensuing Annual General Meeting.    |
| Book Closure               | April 5, 2017                                                                                                                                                   |
| 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.                                             |

The Company confirms that Annual listing fees for each of Stock Exchange where Shares of the Company are listed have been paid.

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

|                                                              |                            |
|--------------------------------------------------------------|----------------------------|
| March 31, 2017                                               | By May 15, 2017            |
| June 30, 2017                                                | By August 14, 2017         |
| September 30, 2017                                           | By November 14, 2017       |
| December 31, 2017                                            | By February 28, 2018       |
| Annual General Meeting for the year ending December 31, 2017 | On or before June 30, 2018 |

### 13.3 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" |
| ISIN Demat                               | INE093A01033 |           |            |

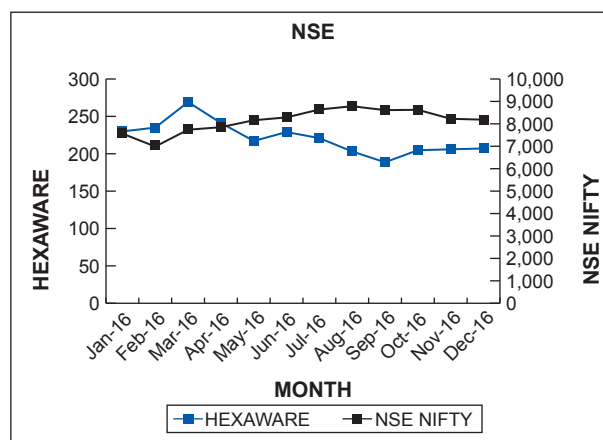
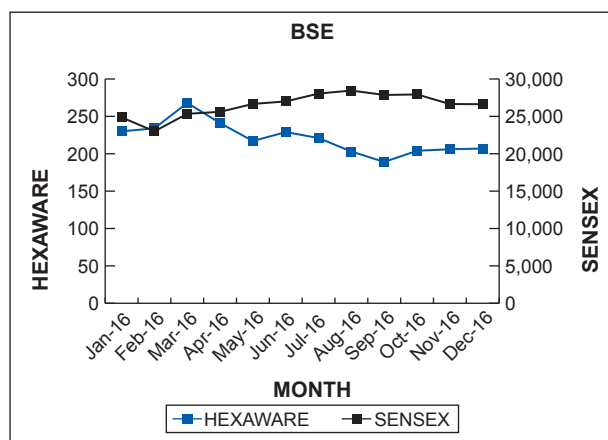
Corporate Identification number of the Company (CIN): L72900MH1992PLC069662

### 13.4 Stock Market Data:

The high / low of the shares of the Company from January 2016 to December 2016 is given below :

| Month        | Bombay Stock Exchange (₹) |        | National Stock Exchange (₹) |        |
|--------------|---------------------------|--------|-----------------------------|--------|
|              | High                      | Low    | High                        | Low    |
| January'16   | 256.00                    | 204.20 | 260.20                      | 204.05 |
| February'16  | 250.00                    | 217.00 | 249.40                      | 217.00 |
| March'16     | 273.60                    | 233.80 | 273.60                      | 233.35 |
| April'16     | 273.00                    | 238.80 | 273.40                      | 238.55 |
| May'16       | 241.50                    | 205.20 | 241.50                      | 205.00 |
| June'16      | 236.00                    | 210.10 | 236.35                      | 210.00 |
| July'16      | 233.95                    | 215.10 | 233.90                      | 214.80 |
| August'16    | 226.45                    | 197.05 | 226.70                      | 197.00 |
| September'16 | 207.95                    | 183.95 | 208.40                      | 183.10 |
| October'16   | 210.60                    | 178.10 | 210.50                      | 177.95 |
| November'16  | 209.95                    | 185.25 | 209.40                      | 185.20 |
| December'16  | 213.50                    | 194.50 | 213.50                      | 194.50 |

### 13.5 Stock Performance:



## Corporate Governance Report for the year 2016

### 13.6 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. Karvy Computershare Private Limited as the Registrar and Share Transfer Agents of the Company. Their complete postal address is as follows:

|                                                                                                                                                                                                                                                    |                                                                                                                                                                                        |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Karvy Computershare Private Limited</b><br><b>Unit: Hexaware Technologies Limited</b>                                                                                                                                                           |                                                                                                                                                                                        |
| <b>Corporate office:</b>                                                                                                                                                                                                                           | <b>Investor Relation Centre:</b>                                                                                                                                                       |
| Karvy Selenium, Tower B, Plot 31-32, Gachibowli,<br>Financial District, Hyderabad - 500 032<br>Contact details:<br>Tels : +91 40 67162222<br>Fax number : +91 40 23420814<br>Email : einward.ris@karvy.com<br>Website : www.karvycomputershare.com | 24 B, Rajabhadur Mansion,<br>Ground Floor, Amabalal Doshi Marg,<br>Fort, Mumbai - 400 023<br>Tel: 022 66235454<br>Email : einward.ris@karvy.com<br>Website: www.karvycomputershare.com |

### 13.7 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.

### 13.8 Distribution of Shareholding:

As on December 31, 2016

| No. of Equity Shares held | No. of Shareholders | % of Shareholders | Total No. of Shares held | % of Shareholding |
|---------------------------|---------------------|-------------------|--------------------------|-------------------|
| 1 - 500                   | 90845               | 89.92             | 12203497                 | 4.04              |
| 501 - 1000                | 6594                | 6.53              | 5154028                  | 1.71              |
| 1001 - 2000               | 1957                | 1.94              | 2924120                  | 0.97              |
| 2001 - 3000               | 484                 | 0.48              | 1223417                  | 0.41              |
| 3001 - 4000               | 293                 | 0.29              | 1056678                  | 0.35              |
| 4001 - 5000               | 167                 | 0.17              | 781899                   | 0.26              |
| 5001 - 10000              | 291                 | 0.29              | 2106876                  | 0.70              |
| 10001 & above             | 396                 | 0.39              | 276577680                | 91.57             |
| <b>TOTAL</b>              | <b>101027</b>       | <b>100</b>        | <b>302028195</b>         | <b>100.00</b>     |

#### Categories of Shareholding (as on December 31, 2016):

| Sr. No. | Category of Holder                                                                                             | No. of Shares       | % of Equity   |
|---------|----------------------------------------------------------------------------------------------------------------|---------------------|---------------|
| 1.      | Promoters Holdings                                                                                             | 21,50,47,193        | 71.20         |
| 2.      | Mutual funds/ UTI                                                                                              | 1,91,13,673         | 6.33          |
| 3.      | Banks/ Financial Institutions/ Insurance Companies (Central/ State Govt. Institutions/ Non-Govt. Institutions) | 6,63,108            | 0.22          |
| 4.      | FII's/ GDR                                                                                                     | 1,40,48,119         | 4.65          |
| 5.      | Others:                                                                                                        |                     |               |
|         | - Private Corporate Bodies                                                                                     | 34,74,293           | 1.15          |
|         | - Indian Public                                                                                                | 3,00,51,054         | 9.95          |
|         | - NRIs/ OCBs                                                                                                   | 1,96,10,722         | 6.49          |
|         | - Trust                                                                                                        | 20,033              | 0.01          |
|         | <b>Sub Total</b>                                                                                               | <b>5,31,56,102</b>  | <b>17.60</b>  |
|         | <b>TOTAL</b>                                                                                                   | <b>30,20,28,195</b> | <b>100.00</b> |

Pledge of Shares: None of the promoters have pledged shares in Hexaware as on December 31, 2016.

### 13.9 Dematerialization of Shares and liquidity:

#### Procedure for dematerialization / rematerialization of shares:

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

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

98.67 % of the issued capital of your Company has been dematerialized up to December 31, 2016.

#### 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 / Depository to enable the Company to send the documents in electronic form or inform the Company in case they wish to receive the above documents in paper mode.

### 13.10 Dividend payment date:

The Board has paid the 1st interim dividend on May 19, 2016 @ ₹ 2.50 per share (125%), 2nd Interim dividend on August 16, 2016 @ ₹ 1.00 per share (50%), 3rd Interim Dividend on November 11, 2016 @ ₹ 1.00 per share (50%) and 4th Interim Dividend on March 8, 2017 @ ₹ 1.00/- per share (50%) which may be confirmed by the shareholders at the ensuing Annual General Meeting.

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

#### 1. Global Depository Receipts (GDR):

The outstanding GDR as on December 31, 2016 is 1,807,232.

These GDRs are represented by underlying shares in the ratio of (share:DR) 1:2 which do not have impact on equity.

#### 2. Warrants / Options:

- 427,750 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 instalments or as determined at the discretion of the Committee.
- 3,632,751 Restricted Stock Units outstanding under the ESOP 2008 Scheme entitles the holder to get allotted one Equity share of ₹ 2/- each in the Company at an exercise price of ₹ 2/-. The RSUs shall vest based on performance parameters as decided by the Committee.
- 5,203,906 Restricted Stock Units outstanding under the ESOP 2015 Scheme entitles the holder to get allotted one Equity share of ₹ 2/- each in the Company at an exercise price of ₹ 2/-. The RSUs shall vest based on performance parameters as decided by the Committee.

## Corporate Governance Report for the year 2016

Assuming all the Options granted, under the ESOP Schemes of the Company, which, would vest, be exercised and converted into Equity shares of the Company, the total number of Equity shares would increase by 9,264,407 of ₹ 2/- each.

### 13.12 Commodity price risk or Foreign exchange risk and hedging activities:

Details of Foreign Exchange Risk and hedging activities are given in the Management discussion and Analysis Report.

### 13.13 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                     | Loma IT Park Developers Pvt. Ltd., IT/ITES SEZ, Plot No. G4/1, Ground floor, TTC Industrial Area, Thane Belapur Road, Ghansoli, Navi Mumbai - 400 710. | Navi Mumbai |
| Offshore Development Center                     | SIPCOT IT Park, Navalur Post, Siruseri - 603 103.                                                                                                      | Chennai     |
| Offshore Development Center                     | Plot No.19, Rajiv Gandhi Infotech Park, Midc-Sez, Phase-Iii, Hinjewadi 411 057 (SEZ), Pune.                                                            | Pune        |
| Offshore Development Center                     | Prestige Pegasus, Level 1 & 2, No. 19 of Ambalipura, No. 14 of Kaikondanahalli, Bellandur Gate, Sarjapura Main Road, Bengaluru - 560 035.              | Bengaluru   |
| Hexaware BPS :                                  | Bldg. No 3, Sector - II, Millennium Business Park, A Block, TTC Industrial Area, Mahape, Navi Mumbai - 400 710, Maharashtra India.                     | Navi Mumbai |
| Hexaware BPS :                                  | Prince Infocity II, 2nd floor, No.283/3A, 283/4A & 283 /4B, No.141, Kottivakkam Village, Kandanchavadi, Chennai 600 096. Tamilnadu.                    | Chennai     |
| Hexaware BPS :                                  | Survey no (Part) 38, 39,41,42 and 43 in village Khapri & Dahegoan, MIHAN, SEZ - MADCO Nagpur - 441108, Maharashtra.                                    | Nagpur      |
| Hexaware BPS :                                  | A-3, Elysium Central, Puliyakulam Road, Ramanathapuram, Coimbatore - 641045. Tamilnadu.                                                                | Coimbatore  |

### 13.14 Transfer of unclaimed dividend to Investor Education and Protection Fund:

Pursuant to the provisions of Companies Act, 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 the Companies Act. 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 ₹ 22,26,093/- has been transferred to the Investor Education and Protection Fund in the year 2016 towards unclaimed/unpaid dividend for the year 2009 and pending fractional entitlement.

Further Ministry of Corporate Affairs has recently notified new Rules namely "Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016" which have come into force from September 7, 2016. The said Rules, amongst other matters, contain provisions for transfer of all shares in respect of which dividend has not been paid or claimed for seven consecutive years in the name of IEPF Suspense Account. The details of unpaid / unclaimed dividend and number of shares liable to be transferred are available on our website: [www.hexaware.com](http://www.hexaware.com)

Given below are the dates of declaration of dividend, corresponding last date for claiming unclaimed dividends and the same is due for transfer to IEPF on next day.

| Date of declaration of dividend        | Dividend for the year | Last date for Claiming unpaid Dividend |
|----------------------------------------|-----------------------|----------------------------------------|
| April 29, 2010 (Final)                 | 2009                  | June 4, 2017                           |
| July 29, 2010 (Interim)                | 2010                  | September 3, 2017                      |
| January 11, 2011 (Special Interim)     | 2010                  | February 16, 2018                      |
| April 27, 2011 (Final)                 | 2010                  | June 2, 2018                           |
| May 6, 2011 (Interim)                  | 2011                  | June 11, 2018                          |
| July 27, 2011 (Interim)                | 2011                  | September 1, 2018                      |
| October 20, 2011 (Interim)             | 2011                  | November 25, 2018                      |
| April 27, 2012 (Final )                | 2011                  | June 3, 2019                           |
| April 27, 2012 (Q1 Interim)            | 2012                  | June 3, 2019                           |
| July 31, 2012 (Q2 Interim)             | 2012                  | September 6, 2019                      |
| November 1, 2012 (Q3 Interim)          | 2012                  | December 08, 2019                      |
| April 29, 2013 (Q1 Interim)            | 2013                  | June 4, 2020                           |
| April 30, 2013 (Final)                 | 2012                  | June 5, 2020                           |
| July 19, 2013 (Q2 Interim)             | 2013                  | August 24, 2020                        |
| February 7, 2014 (Q4 Interim)          | 2013                  | March 15, 2021                         |
| April 25, 2014 (Final - 2013)          | 2013                  | May 31, 2021                           |
| April 29, 2014 ( Q1 Interim - 2014)    | 2014                  | June 04, 2021                          |
| July 22, 2014 ( Q2 Interim - 2014)     | 2014                  | August 27, 2021                        |
| Nov. 05, 2014 ( Q3 Interim - 2014)     | 2014                  | December 11, 2021                      |
| February 10, 2015 ( Q4 Interim - 2014) | 2014                  | March 18, 2022                         |
| April 29, 2015 (Q1 Interim - 2015)     | 2015                  | June 4, 2022                           |
| August 4, 2015 (Q2 Interim - 2015)     | 2015                  | September 9, 2022                      |
| November 3, 2015 (Q3 Interim - 2015)   | 2015                  | December 9, 2022                       |
| February 3, 2016 (Q4 Interim - 2015)   | 2015                  | March 11, 2023                         |
| May 4, 2016 (Q1 Interim - 2016)        | 2016                  | June 10, 2023                          |
| July 28, 2016 (Q2 Interim- 2016)       | 2016                  | September 02, 2023                     |
| October 25, 2016 (Q3 Interim - 2016)   | 2016                  | November 30, 2023                      |
| February 7, 2017 (Q4 Interim - 2017)   | 2016                  | March 14, 2024                         |

### 13.15 Investor Correspondence:

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

| Name                               | E-Mail ID              | Telephone Number  | Fax No.          |
|------------------------------------|------------------------|-------------------|------------------|
| Gunjan Methi,<br>Company Secretary | Investori@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.          |
|--------------------------------------------|------------------------|-------------------|------------------|
| Rajesh Kanani -<br>Chief Financial Officer | Investori@hexaware.com | + 91 22 4159 9595 | +91 22 4159 9578 |

## Corporate Governance Report for the year 2016

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: [Investor@hexaware.com](mailto:Investor@hexaware.com)

### 13.16 Website:

The Company's website [www.hexaware.com](http://www.hexaware.com) contains a separate dedicated section "Investors" where information sought by shareholders is available. The Annual report of the Company, press releases, quarterly reports, transcript of the analyst call of the Company apart from the details about the Company, Board of directors and Management, are also available on the website in a user friendly manner.

### 14. Other Disclosures:

- (a) There are no materially significant 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. 27 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) The Company has framed 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.
- (d) The company has complied with the mandatory requirements under SEBI (Listing Obligation and disclosure Requirements) Regulation, 2015.

The Company has fulfilled the following non-mandatory requirements as prescribed in part E of Schedule II of SEBI (Listing Obligation and disclosure Requirements) Regulation, 2015:

- (i) Auditors qualification: Nil
- (ii) Separate posts of Chairman and CEO

The company has appointed separate persons to the post of Chairman and CEO.

- (iii) Reporting of Internal Auditor: The Internal auditors, KPMG report directly to the Audit Committee.

- (e) The company has formulated a policy for determining 'material' subsidiaries which has been put up on the website of the company and available at the web link: <http://hexaware.com/investors/>
- (f) The company has formulated the policy on dealing with Related Party Transactions and has been put on its website and available at the link <http://hexaware.com/investors/>
- (g) The Company is not involved in commodity price and commodity hedging activities.

15. The Company have complied corporate governance requirements specified in regulation 17 to 27 and clause (b) to (i) of sub-regulation (2) of regulation 46 of SEBI (Listing Obligation and disclosure Requirements) Regulation, 2015.

16. The Company does not have demat suspense account / unclaimed suspense account.

For and on behalf of the Board

**Atul K. Nishar**  
(Chairman)

Place : Mumbai  
Date : March 28, 2017

**Details required under regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with respect to Directors seeking appointment / reappointment are given below:**

| Name of the Director      | Mr. Atul Nishar                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Mr. P R Chandrasekar                                                                                                                                                                                                                                                                                                                                  | Mr. Dileep Choksi                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Mr. Bharat Shah                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|---------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Brief Resume              | Mr. Atul Nishar, Founder & Chairman of Hexaware Technologies Limited, is a well-known IT leader in India who has contributed in promoting Indian software capabilities across the globe. He has also successfully promoted and managed IT companies that have become global enterprises. He is strongly associated with several government and trade bodies that play an instrumental role in the development of India's IT Sector. An active and known figure of the Indian IT industry, he was the Chairman of National Association of Software and Service Companies (NASSCOM) in 2000 and he continues to be on the executive council of NASSCOM. | Mr. P.R. Chandrasekar has a successful track record of driving revenue growth for companies and is experienced in mergers & acquisitions, business development, channel development and strategic initiatives.                                                                                                                                        | Mr. Dileep C. Choksi is a chartered accountant by profession and has been in practice for over 40 years.<br><br>Mr. Deelip Choksi is on the Board of well-known companies including as a member of their committees. He is a member of the Society of Trust and Estate Practitioners (STEP). He is also a trustee of the A.D. Shroff Memorial Trust and member of the Council of the Forum of Free Enterprise. He has contributed various papers on professional matters relating to Tax and Business reorganisation. He has been a speaker at various seminars and conferences of professional interests organized by the Reserve Bank of India, the Institute of Chartered Accountants, Bombay Chartered Accountants' Society, etc. He has contributed in the preparation of Kanga and Palkhivala's The Law and Practice of Income Tax (Eighth Edition) - the last edition written by late Mr. N.A. Palkhivala and Mr. B.A. Palkhivala. | Mr. Bharat D. Shah is the Chairman of HDFC Securities Limited. He is one of the founders of HDFC bank and he joined the bank in December, 1994 as an Executive Director on its board.<br><br>He has held the position of Head - Custody and Depository, Retail, HR, Private Banking, Infrastructure and Merchant services at HDFC Bank from December, 1994.                                                                                                                                                                                         |
| Experience / Expertise    | An entrepreneur by nature and founder of Hexaware, has more than 25 years of experience in information Technology Industry giving strategic direction and marketing focus.                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Mr. P R Chandrasekar was President (Americas and Europe) at Wipro and was responsible for the strategic development of the company's business in those regions. Chandrasekar joined Wipro in May 2000 from GE India, where he served as Director, business development. He was the CEO of Hexaware Technologies Limited since June 2008 to July 2014. | His areas of specialization include business succession, tax advisory and litigation, structuring of collaborations and joint ventures, and corporate restructuring, turnaround and change management strategies. He also advises some of India's large business houses on various strategic matters, including family succession and on wills and trusts. Mr. Deelip Choksi was the former Joint Managing Partner of Deloitte in India till 2008, before the setting up of C.C. Chokshi Advisors Pvt. Ltd. of which he is the Chief Mentor                                                                                                                                                                                                                                                                                                                                                                                               | Mr. Bharat Shah serves on the board of various companies including 3M INDIA LIMITED, EXIDE INDUSTRIES LIMITED and MAHINDRA LIFESPACE DEVELOPERS LIMITED.<br><br>He is also an advisor for the Vanita Vishram Trust and the RBK International Academy. He was the marketing head of travellers checks and the rupees travellers check operations of Thomas Cook. He was also the payments product division head and then real estate division head of Citibank. Shah was an investment advisor for Union Bank of Switzerland, Singapore, for a Year. |
| Age                       | 61                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 61                                                                                                                                                                                                                                                                                                                                                    | 67                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 70                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Date of Birth             | August 25, 1955                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | September 28, 1955                                                                                                                                                                                                                                                                                                                                    | December 26, 1949                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | February 18, 1947                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Date of first Appointment | November 20, 1992                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | June 2, 2008                                                                                                                                                                                                                                                                                                                                          | October 11, 2013                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | July 29, 2008                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |

## Corporate Governance Report for the year 2016

| Name of the Director                                                                     | Mr. Atul Nishar                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Mr. P R Chandrasekar                                                                                                                                                                                                                                                                                                                                                                                               | Mr. Deelip Choksi                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Mr. Bharat Shah                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Qualification                                                                            | Mr. Atul Nishar is an FCA (Fellow of the Institute of Chartered Accountants of India) and has received his bachelor's degree in commerce and law from University of Bombay.                                                                                                                                                                                                                                                                                                                             | Mr. P R Chandrasekar holds a degree in engineering from Indian Institute of Technology, Madras (IIT-M) and an MBA from Jamnalal Bajaj Institute of Management Studies, Mumbai University.                                                                                                                                                                                                                          | Mr. Dileep C. Choksi is a fellow of the Institute of Chartered Accountants of India as well as a member of the Institute of the Cost and Works Accountants of India. He also holds Bachelors of Law degree.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Mr. Bharat Shah received his BSc degree from the University of Mumbai. He also holds a degree in applied chemistry with a special focus on metal finishing from Borough Polytechnic, London.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Relationship between Directors inter-se and with Manager and other KMPs                  | Mr. Atul Nishar is not related to any other Director of the Company.                                                                                                                                                                                                                                                                                                                                                                                                                                    | Mr. P R Chandrasekar is not related to any other Director of the Company.                                                                                                                                                                                                                                                                                                                                          | Mr. Dileep C. Choksi is not related to any other Director of the Company.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Mr. Bharat Shah is not related to any other Director of the Company.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Names of Companies in which he is Director and the membership of Committees of the Board | <p>Mr. Atul Nishar is holding Directorship in Allygrow Technologies Private Limited, Namaste America - Indo American association For Art &amp; Culture and Hexaware Technologies Limited</p> <p>Mr. Atul Nishar is holding membership in the following committees of <b>Hexaware Technologies Limited</b>:</p> <ol style="list-style-type: none"> <li>1. Stakeholders Relationship Committee - Chairman</li> <li>2. Corporate Social Responsibility</li> <li>3. Strategy and Risk Committee.</li> </ol> | <p>Mr. P R Chandrasekar is holding Directorship in Risk Technology International Limited and Hexaware Technologies Limited.</p> <p>Mr. P R Chandrasekar is holding membership in the following committees of <b>Hexaware Technologies Limited</b>:</p> <ol style="list-style-type: none"> <li>1. Audit Committee</li> <li>2. Stakeholder Relationship Committee</li> <li>3. Strategy and Risk Committee</li> </ol> | <p>Mr. Deelip Choksi is holding Directorship in Arvind Limited, Lupin Limited, AIA Engineering Limited, Swaraj Engines Ltd, ICICI Bank Limited, Tata Housing Development Company Limited, ICICI Home Finance Company Limited, Miramac Properties Private Limited, Mafatlal Cipherspace Private Limited and Hexaware Technologies Limited</p> <p>Mr. Deelip Choksi is holding membership in the following committees:</p> <p><b>ICICI Bank Limited</b></p> <ol style="list-style-type: none"> <li>1. Audit Committee</li> <li>2. Fraud Monitoring Committee</li> <li>3. Risk Committee</li> <li>4. Review Committee for identification of wilful defaulters/ Non Co-operative Borrowers.</li> </ol> <p><b>ICICI Home Finance Company Limited</b></p> <ol style="list-style-type: none"> <li>1. Audit &amp; Risk Management Committee - Chairman</li> <li>2. CSR Committee</li> <li>3. Nomination and Remuneration Committee - Chairman</li> </ol> <p><b>Hexaware Technologies Limited</b></p> <ol style="list-style-type: none"> <li>1. Audit Committee - Chairman</li> <li>2. Stakeholders Relationship Committee</li> </ol> <p><b>Swaraj Engines Limited</b></p> <ol style="list-style-type: none"> <li>1. Audit Committee - Chairman</li> </ol> <p><b>Arvind Limited</b></p> <ol style="list-style-type: none"> <li>1. Audit Committee - Chairman</li> <li>2. Nomination and Remuneration Committee</li> </ol> <p><b>Lupin Limited</b></p> <ol style="list-style-type: none"> <li>1. Audit Committee</li> </ol> <p><b>Tata Housing Development Company Ltd</b></p> <ol style="list-style-type: none"> <li>1. Audit Committee</li> <li>2. Nomination and Remuneration Committee</li> </ol> | <p>Mr. Bharat Shah is holding Directorship in Strides Shasun Limited, 3M India Limited, Exide Industries Limited, Mahindra Lifespace Developers Limited, Hexaware Technologies Limited, Salisbry Investments Private Limited, HDFC Securities Limited, IDFC Alternatives Limited, AGS Transact Technologies Limited, India Transact Services Limited, Faering Capital Trustee Company Private Limited and Tata Sky Limited</p> <p>Mr. Bharat Shah is holding membership in the following committees:</p> <p><b>HDFC Securities Limited:</b></p> <ol style="list-style-type: none"> <li>1. Nomination and Remuneration Committee</li> <li>2. Capex Committee</li> <li>3. CSR Committee</li> </ol> <p><b>Hexaware Technologies Limited</b></p> <ol style="list-style-type: none"> <li>1. Nomination and Remuneration Committee</li> <li>2. CSR Committee - Chairman</li> <li>3. Strategy &amp; Risk Committee</li> </ol> <p><b>Atlas Documentary Facilitators Company Private Limited</b></p> <ol style="list-style-type: none"> <li>1. Audit &amp; Compliance Committee</li> </ol> <p><b>IDFC Alternatives Limited</b></p> <ol style="list-style-type: none"> <li>1. Audit Committee</li> <li>2. Nomination &amp; Remuneration Committee</li> <li>3. Corporate Social Responsibility Committee</li> </ol> <p><b>AGS Technologies Limited</b></p> <ol style="list-style-type: none"> <li>1. Audit Committee</li> <li>2. Nomination and Remuneration Committee - Chairman</li> <li>3. Corporate Social Responsibility Committee</li> <li>4. Stakeholders Relationship Committee</li> <li>5. Risk Management Committee</li> </ol> <p><b>India Transact Services Limited</b></p> <ol style="list-style-type: none"> <li>1. Nomination &amp; Remuneration Committee - Chairman</li> </ol> <p><b>3M India Limited</b></p> <ol style="list-style-type: none"> <li>1. Audit Committee</li> <li>2. Stakeholders Relationship Committee - Chairman</li> <li>3. Corporate Social Responsibility Committee - Chairman</li> <li>4. Nomination and Remuneration Committee</li> </ol> <p><b>Strides Shasun Limited</b></p> <ol style="list-style-type: none"> <li>1. Audit Committee</li> <li>2. QIP Committee</li> <li>3. Allotment Committee</li> </ol> <p><b>Exide Industries Limited</b></p> <ol style="list-style-type: none"> <li>1. Corporate Social Responsibility Committee - Chairman</li> </ol> <p><b>TATA Sky Limited</b></p> <ol style="list-style-type: none"> <li>1. Audit Committee</li> <li>2. Nomination and Remuneration Committee - Chairman</li> </ol> <p><b>Mahindra Lifespace Developers Ltd.</b></p> <ol style="list-style-type: none"> <li>1. Rights Issue Committee of Mahindra Lifespace</li> </ol> |
| Shareholding                                                                             | Mr. Atul Nishar is holding 1000 Shares of the Company                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Mr. P R Chandrasekar is not holding any Shares of the Company                                                                                                                                                                                                                                                                                                                                                      | Mr. Deelip Choksi is not holding any Shares of the Company                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Mr. Bharat Shah is holding 30000 Shares and Bharat Shah HUF is holding 50000 Shares of the Company                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |

## Independent Auditor's Certificate on Corporate Governance

### To the Members of

### HEXAWARE TECHNOLOGIES LIMITED

1. This certificate is issued in accordance with the terms of our engagement letter dated September 15, 2016.
2. We, Deloitte Haskins & Sells LLP, Chartered Accountants, the Statutory Auditors of HEXAWARE TECHNOLOGIES LIMITED ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company for the year ended on December 31, 2016, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

### Managements' Responsibility

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

### Auditor's Responsibility

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have examined the books of account and other relevant records and documents maintained by the Company for the purpose of issuing a certificate for compliance of conditions of corporate governance by the company.
6. We have carried out our examination in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI) and the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate, and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
8. Based on our examination of the relevant records and according to the information and explanations provided 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 regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V of the Listing Regulations during the year ended December 31, 2016.
9. We 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 LLP**

Chartered Accountants  
(Firm's Registration No. 117366W / W-100018)

**Abhijit A. Damle**

Partner  
(Membership No. 102912)

Date : March 28, 2017

Place : Houston, USA

## Corporate Governance Report for the year 2016

### Certifications

#### 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, 2016 and that to the best of our knowledge and belief:
  1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  2. these 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 quarter/ 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 that we have evaluated the effectiveness of 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:
  1. significant changes in internal control over financial reporting during the quarter/year;
  2. significant changes in accounting policies during the quarter/year and that the same have been disclosed in the notes to the financial statements; and
  3. 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. R Srikrishna**  
CEO & Executive Director

**Mr. Rajesh Kanani**  
Chief Finance Officer

Date: February 7, 2017

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#### 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](http://www.hexaware.com).

As Chief Executive Officer and Executive Director of Hexaware Technologies Limited and as required by Schedule V (D) of the Securities And Exchange Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015, 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, have affirmed compliance with the Code of Conduct for the financial year 2016.

**R Srikrishna**  
CEO & Executive Director

Date: February 7, 2017  
Place: Mumbai

## Management's Discussion and Analysis

### Global economic overview

The global economy remained subdued in 2016 in the aftermath of the Brexit referendum, deceleration in China and slow productivity and trade traction. Notwithstanding this unimpressive performance, growth is expected to revive 2017 onwards. The principal growth is likely to be derived from emerging and developing economies. Market conditions in several large economies currently in distress are also expected to normalise. As per Euromonitor, global economic growth projections for 2017 and 2018 are 3.2% and 3.3%, respectively. There is a possibility that there could be a wide dispersion of possible outcomes as per IMF, mainly due to an uncertain US environment (Source: IMF, Euromonitor).

### Growth rates in emerging markets vis-à-vis developing economies

| 2016 | 2017 (estimated) | 2018 (estimated) |
|------|------------------|------------------|
| 4.1% | 4.5%             | 4.8%             |

(Source: IMF)

### Indian economic overview

India emerged as the rising star in the global economy when it overtook China in 2015-16 as the fastest-growing major economy in the world. Though India's fundamentals still remain strong, the demonetisation initiative undertaken by the Indian Government is expected to lower India's GDP from 7.6% in FY16 to 6.6% in FY17. IMF mentioned that the disruption resulting from the cash shortage would be temporary and private consumption would gain back the ground it had lost, quickly. Post the predicted slowdown in FY17, economic growth is expected to rebound to 7.2% in FY18. Favourable monsoons, lower oil prices, removal of supply chain bottlenecks and a strong consumer confidence would act as drivers of growth for Indian Inc. The Indian Government's decisive actions in the realms of fiscal consolidation and inflation have helped it maintain economic stability during the past year (Source: Hindustan Times, Times of India).

### Outlook

As per Moody's, the economic reforms already introduced by the Indian Government and the ones that are in the pipeline will help India outperform its peers over the medium-term (Source: IMF, Livemint).

### IT Industry Overview

#### Global IT sector

The global IT spending is projected to total \$3.5 trillion in 2017, clocking a growth of 2.7% from 2016. 2017 is being seen by many as the year that the IT sector will rebound. With the emergence of trends such as cloud computing, blockchain, IoT and artificial intelligence, IT spending is expected to increase by more than 2.7% in 2017. However, this estimate has been lowered due to the uncertainty prevailing in the global markets.

#### Worldwide IT spending forecast (In US\$ billion)

|                         | 2016     | 2016       | 2017     | 2017       | 2018     | 2018       |
|-------------------------|----------|------------|----------|------------|----------|------------|
|                         | Spending | Growth (%) | Spending | Growth (%) | Spending | Growth (%) |
| Data Center Systems     | 170      | -0.6       | 175      | 2.6        | 176      | 1.0        |
| Enterprise Software     | 333      | 5.9        | 355      | 6.8        | 380      | 7.0        |
| Devices                 | 588      | -8.9       | 589      | 0.1        | 589      | 0.0        |
| IT Services             | 899      | 3.9        | 938      | 4.2        | 981      | 4.7        |
| Communications Services | 1,384    | -1.0       | 1,408    | 1.7        | 1,426    | 1.3        |
| Overall IT              | 3,375    | -0.6       | 3,464    | 2.7        | 3,553    | 2.6        |

(Source: Gartner, Jan 2017)

Growth opportunities for the IT sector are abundant and a lot of new areas have shown a phenomenal potential for growth, including:

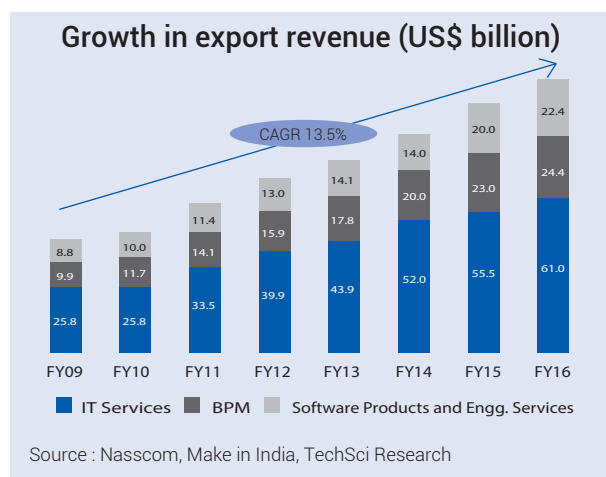
- **Machine learning:** This is one segment that holds a lot of promise. There is a tremendous amount of research that is going on in this segment, especially involving classification, prediction, anomaly detection and personalisation.
- **Blockchain:** This technology represents a distributed database of transaction blocks which would allow participants in a network to share ledgers digitally and at the same time prevent anyone from tampering with the transaction records.
- **Digitisation:** This would help businesses to engage with customers efficiently via digital channels. Extending across domains and connecting multiple sectors, this will lead to the creation of whole new markets.

## Management's Discussion and Analysis

- **Cloud computing:** What was once only available to multinationals is now the go-to tool for SMEs to have access to sophisticated capabilities. Success would significantly rely on companies to being able to secure their environments. This, in turn, would fuel the growth of another nascent area of the industry, cyber security.

### Indian IT sector overview

India is the world's largest sourcing destination for the IT industry, accounting for approximately 67% of the US\$ 124-130 billion market. The industry employs about 10 million people. More importantly, the industry has led the country's economic transformation and has altered the perception of India in the global scheme of things. India's cost-competitiveness in providing IT services (~3-4x cheaper than the US), continues to be its USP. However, India is also gaining prominence in terms of its intellectual capital where several global IT firms are setting up their innovation centres in India. The IT industry has also created significant demand in the Indian education sector, especially for engineering and computer science graduates. The Indian IT/ITeS industry is divided into four major segments - IT services, Business Process Management (BPM), software products and engineering services and hardware.



### Business overview

Hexaware Technologies Limited (Hexaware) is one of the fastest-growing, automation-led, global providers of IT, BPS and consulting services across multiple domains such as banking and financial services, travel and transportation, manufacturing and consumer, healthcare

and insurance. The Company's revenue for the year 2016 stood at USD 526 million, compared to USD 485 million in 2015, clocking a growth of 8.3%. The Company has built a strong global customer base, global talent and infrastructure in strategic geographies. Today, the Company is focusing on offering a range of technology services through its innovation labs, delivery centres and talented professionals.

### Capabilities

Hexaware delivers projects and provides solutions across multiple service areas such as:

- Application development and maintenance
- Business intelligence and analytics
- Business process services
- Digital assurance and testing
- Enterprise solutions
- Infrastructure management services

The Company offers domain solutions to its customer in banking and financial services and healthcare and insurance, including life sciences, travel and transportation, manufacturing, consumers and others.

Hexaware's client base is spread across North America, Europe and the Asia Pacific. This has allowed it to attain a competitive advantage by co-developing innovative process capabilities and delivering flexible business models. The Company's onsite-offshore delivery model provides significant cost savings.

Its development centers are assessed at SEI CMMI Level 5 DEV and SVC version 1.3, ISO 9001:2008, ISO 20000:2011 and are also TickIT-certified. These accreditations enable the Company to provide high-value, high-quality deliverables to its clients and establish enduring relationships with them.

The Company has made significant investments in digital solutions, mobility, big data and artificial intelligence/robotics. All the industry solutions are co-innovated with customers, helping them to look at furthering their business in a completely new way.

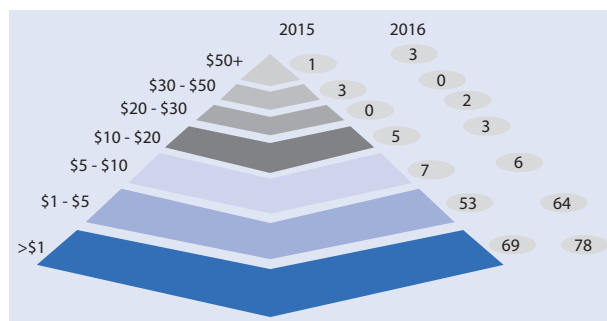
### Strategic expansion

The Company's long-term strategy is to expand its addressable market by investing in new geographies and strengthen/enrich existing client relationships by adopting superior execution with an emphasis to provide a 'wow' factor to customers and offering a wider range of service capabilities in a completely new way.

In 2016, the Company established a new center in

Bucharest, Romania, and a new subsidiary in Saudi Arabia. It also expanded its development center in North America and Mexico. The Company's continued investments in digital solutions and 'Shrink IT' are paying solid dividends in terms of winning market share and new customers. The Company acquired TCV from new customers worth US\$ 153 million during the year.

The Company continues its focus on delivery excellence and this is reflected in customer delight survey wherein it has maintained a score at 66.2 for fiscal 2016. The Company has been constantly garnering repeat business from existing customers, leading to an across-the-board movement of clients up the higher revenue bracket, as summarized in the table below:



### Competitive strengths

#### In-depth domain expertise and sector-specific offerings:

Hexaware has a perceptible presence in four key verticals viz. banking and financial, travel and transportation, healthcare and insurance, manufacturing, consumer and others. Within each of these verticals, the Company focuses on certain niche areas. For instance, in the travel and transportation segment, the Company is known for its specialised offerings which cover the lifecycle of airline customers as well as crew members. Similarly, in the banking and financial services industry, the Company focuses on the capital markets. Furthermore, the Company possesses the expertise to work on specific trading platforms like Eagle, Charles River and Aladdin, among others. The Company also has over 160 proprietary tools and accelerators that cater to specific end-user segments or offer broad-based services.

#### Cementing relationships and ensuring recall:

Hexaware's efficient global service delivery model has allowed it to provide niche services to global customers in a cost-effective way. The Company's consultants spend the first five years gaining a better understanding of the client's business processes. A keen emphasis is also laid on crowdsourcing (bottom-up innovation) on a daily basis via the Hexaware CVA portal. The Company has also forged longstanding relationships with its top-10 clients (tenure is around 11 years on an average.) Repeat business has accounted for around 95% of Hexaware's total revenues

in the past three years. Revenues from the top-10 clients grew by 10.8% from US\$ 268 million in 2015 to US\$ 297 million in 2016.

**Unwavering focus on qualitative consistency:** The Company's composite score of customer satisfaction in 2016, as per a survey conducted by Feedback Consulting, remained steady at 66.2 as compared to 2015.

Furthermore, Hexaware has been ranked No. 1 among the top service providers in overall customer satisfaction in Whitelane's 'IT Outsourcing Study'. Hexaware achieved the highest level of satisfaction in the IT services industry, scoring 79%, remaining one of the two companies to share the No.1 position in the European IT services industry. It was also ranked No. 1 in KPIs across service delivery quality, escalation process, reporting quality, price level and contractual flexibility. The Company is also ranked No. 1 in service provider satisfaction in the IT domain under application development, maintenance and testing services in the UK, along with two other IT service providers and also ranked second in overall application, development and testing services.

This is a clear proof of how high client satisfaction is on Hexaware's priority list. The Company strongly believes that this is the only clear indicator of the Company's ability to garner incremental revenues in the years ahead. Moreover, this strategy has enabled the Company to maintain its pricing power with its clients in the past few years.

#### Improving sales and marketing capabilities and ensuring robust service delivery:

The Company has invested significantly in building an efficient sales and marketing team and effectively segregated 'hunters' from 'farmers'. While the 'hunters' are engaged in winning new clients, the 'farmers' concentrate on servicing existing clients. Hexaware offers best-in-class services to its customers via a dedicated account delivery management team which works closely with the mining teams. This approach has proved to be highly successful in improving client relationships and has resulted in year-on-year revenue growth.

#### Human resources and industrial relations

Human resources and industrial relations go hand-in-hand. In the IT industry, human resource is the 'go-to' department for counselling, information, etc. due to integrity and the neutral position of this department. At Hexaware, HR is core and promotes just and fair employment practices and also employee-friendly policies and processes.

Hexaware believes that the quality of the employees is the key to its success in the long run and is committed to provide necessary human resource development and

## Management's Discussion and Analysis

training opportunities to equip them with skills, enabling them to seamlessly evolve with ongoing technological advancements. During the year 2016, the Company organised training programmes for all categories of employees in different areas such as technical skills, behavioural skills, business excellence, general management, advanced management, leadership skills, customer orientation, safety, values and the code of conduct and product training.

Our workforce comprises various nationalities and cultures. Employee interest and welfare is at the core of our HR unit and we believe that happy employees will make the customers happy. At Hexaware, the HR competencies also contribute to organizational capabilities and employee well-being, thereby making Hexaware a great place to work.

As on 31 December 2016, the employee strength stood at 12,115.

### Employee headcount

| Year | 2012  | 2013  | 2014   | 2015   | 2016   |
|------|-------|-------|--------|--------|--------|
| Nos. | 9,069 | 8,854 | 10,016 | 11,375 | 12,115 |

### Key HR initiatives of 2016

With the evolving nature of the IT industry, the HR is also changing. Hexaware is one of the leaders of the "Shrink IT, Grow Digital" mantra and HR has also started the digital evolution by automating administrative tasks to enable strategic initiatives. Employees are also being provided the platform under which they can discuss about their issues, concerns and get clarifications, by attending the skips, pulse and open house etc., scheduled by HR.

Rewards and recognition ceremonies also provide employees with opportunities to interact with the senior management team and get to understand the future growth plans of Hexaware, sustaining their excitement.

Emotionally-connected employees do whatever it is required to have delighted customers. They are passionate about their work and the organization they work for. The Passion Survey for 2016 helped us in understanding employee expectations. This helped us in solidification of our strengths and on working towards improvement areas to make Hexaware a great place to work.

We understand the need to communicate, connect and collaborate and with this mission, we have introduced Facebook@Work for our employees. This helps employees to connect with the Hexaware world at global level and also to connect with its leaders.

### Improving employee motivation

With a focus on improving motivation, leaders communicated more frequently with employees to discuss the changes taking place in a dynamic industry

environment. Effective change management process was implemented to ensure that there was no ambiguity in the messaging and all the employees had a clear view of the future vision of the organisation. Senior leadership also kept interacting with the employees to give them the view of the future growth plans and the exciting work happening in the digital world which motivated the employees to give their 100% to the organization.

With a focus on aligning 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 by also preparing them to take a higher position whenever required. Many key positions were fulfilled by vertical and/or horizontal movements among deserving candidates from within, thus leading to increased employee motivation and morale. We have also developed the performance management system (PMS) to assess the potential of the employee for the next role. This helps the employee to understand their career path and also in the development requirements to move to the next role.

Hexaware believes in giving the best possible opportunities to its consultants so that they have the best of business knowledge. We have introduced the higher education program wherein employees can enroll for the MTech program and can have their higher education dreams fulfilled while working.

At Hexaware, employee motivation is an intrinsic and internal effort. Rewards and recognition (R&R) is one such motivation factor which encourages employees to give their best at work. The R&R process is automated which helps the manager to nominate the employee for the award at any time of the year, thereby achieving immediate recognition.

### Employee engagement

At Hexaware, we try to keep employees fully engaged and enthusiastic about their work. This helps us strengthen the organization's reputation and interests as well. Employees keep attending the HR pulse and skip meetings which help in ironing out their concerns and providing the required clarifications. Periodic open houses and the town halls also give them a higher level perspective about the business strategy and their role in the same, thereby providing them a clear road map for their careers.

### Workshops/Events

Our consultants are a part of our extended family and we keep organizing workshops and sessions for their benefit and welfare. Some of the workshops conducted include:

- De-stress camp
- Healthy eating workshops
- Financial management
- Medical camps
- Aadhar card camp
- Hexaware kid's day
- Prevention of sexual harassment training

### Employee welfare

- **Counselling service:** In a dynamic industry, consultants are bound to get stressed and pressurized. The personal issues can also affect the employee and, in turn, their performance. To assist our employees in such situations, we have provided counselling services which they can avail of anytime and anywhere.
- **Doctor-on-call:** The physical well-being of our employees is of paramount importance to us. Towards this extent, we have appointed an in-house doctor for consultation within the campus as well as on-call.
- **Cordial work environment:** Hexaware is an equal opportunity employer and is committed to provide a harassment-free work environment to the employees. We have conducted training sessions for the employees to understand the concept and the repercussions of the same.
- **Staff welfare guidelines:** Hexaware believes in 'Fun@Work' and therefore we keep planning team outings and picnics which helps the team to bond and rejuvenate.

### Diversity

Hexaware has created an environment that is safe, secure and inclusive. The Company has always made sincere, substantive and sustained effort in building and eco system which is conducive to the development and advancement of your diverse workforce. The Company recognises that social diversity contributes to the richness of an organisation and enhances the quality of life for individuals and groups. The Company ensures that assignments and opportunities for advancement are accessible to everyone. We have a healthy percentage of women employees which stands at 30% of our total workforce. We also have a dedicated group, W@H (Women At Hexaware) which conducts women specific activities like Self Defense Workshops, Women Day's celebration, parenting workshop etc. We also respect the diversity of culture and nationalities thereby having workforce spanning over multiple countries globally.

### Women employees at Hexaware

| Year | 2012  | 2013  | 2014  | 2015  | 2016  |
|------|-------|-------|-------|-------|-------|
| Nos. | 2,369 | 2,471 | 2,582 | 3,216 | 3,634 |

### Managing risks at Hexaware

Hexaware provides a diverse array of services and there are multiple factors that could affect its future performance. Some significant risks that could affect the operations at Hexaware have been identified as below:

**Industry risk:** The Company provides services to sectors such as banking and financial services, travel and transportation, healthcare and insurance (including life-sciences), manufacturing and consumer-facing businesses. Any slowdown in these areas also could affect our business and profitability. These market segments have constant changes in demand and supply, which can potentially reduce product and services sales during a downturn.

**Mitigation:** Our expertise lies across many sectors, thus reducing our dependency on any one particular area of interest. Our revenue concentration is fairly balanced with 41% revenues coming from the BFSI vertical and balance 59% coming from across other verticals. With global economic growth projected to pick-up in the next couple of years and company operating in niche areas, it is expected that there will be an increase in our revenues and profits as our clients across a large segment of industries would increase their budgets and spending on IT services.

**Regulatory risk:** The Company has been servicing a large number of clients in the US markets and a large chunk of our revenues are derived from them. Any regulatory policy changes such as the issue of H1B visas would affect Hexaware's business in a major way. New US administration is likely to make new regulatory changes which will add to woes of the Indian IT sector.

**Mitigation:** Hexaware has actively worked towards mitigating this risk by establishing a number of offices abroad, hiring a local workforce and shifting some of its projects offshore even though it is difficult to predict regulatory changes. One such example would be the Company's office in Saltillo, Mexico, which is in the same time zone as the US East Coast, making client servicing easier. Hexaware's Mexico office is manned by indigenous employees. There is a focus on recruitment of management trainees from US universities as well as recruitment of laterals onsite.

During the year 2016, Hexaware expanded its delivery presence in the European region by opening of its latest global delivery centre (GDC) in Bucharest, Romania. This is in addition to the Tver (Russia) GDCs that Hexaware already uses to service its European and global clients

## Management's Discussion and Analysis

within the same regulatory region. This centre will allow to service critical customer requirements relative to EU Data Privacy Regulations

**Business continuity risk:** The Company may be vulnerable to risks like the recent calamities in Chennai which had impacted business operations and even pose a risk to employee safety.

**Mitigation:** The Company has a structured business continuity management plan that addresses disruptions at every level of business like city level, country level and even at floor level. The plan framework minimizes the impact of outages which includes recovery sites, intra-city redundancies, work from home etc. Business continuity plan was activated during the Chennai events and was successful in minimizing business impact as well as supporting employee safety requirements.

**Cyber security risk:** It is emerged as top risk across industries as companies are moving towards new technologies such as mobile computing, internet of things, cloud computing etc. This risk is perceived as top of every company agenda internationally due to the fear of sophisticated target attacks, increasing ransomware threats and other security failures.

**Mitigation:** Company has well matured Information Security Policies, Processes and Controls in place to minimize the Cyber Security risks. Company has dedicated security professionals certified in various field of security and securing IT Assets of the Company and of the Customers. Company has invested on security technologies such as Firewall, Intrusion Prevention System, Advanced Persistent Threat Control system, Web filtering System, Antivirus solutions etc. to protect its computing environment from external attacks.

Company is ISO 27001 Certified and also engages external Auditing bodies to carry out Type-2 Assessment of SSAE16 and ISAE3402 for SOC1 and SOC2 annually. Security Incident Management Team of the Company carries out root cause analysis on the security incidents and take both corrective and preventive measures quickly and ensures that Confidentiality, Integrity and Availability of information is not compromised. Company conducts periodic internal and external audits to measure the effectiveness of the processes and improves the processes continuously.

**Geographic concentration risk:** The bulk of our revenues are derived from the US markets and this overt reliance on one region could be detrimental.

**Mitigation:** The Company has been focusing on expanding its business in Europe and APAC and it has added 4 and 9 new accounts, respectively, in this region in 2016. Besides, there has been a 14.3% increase in revenues derived from

the US markets in 2016. The Company is actively focusing on Europe but is trying to acquire bigger and more prestigious accounts in the US to tap the vast potential of the world's largest IT market. As a part of the Europe growth strategy, we have opened a new development center in Bucharest, Romania, which would enhance our ability to service our customers in next-gen service areas like Agile application development, hybrid cloud services, modern end user services and digitally managed services in the BPO space. This center also allows Hexaware to service critical customer requirements relative to EU Data Privacy Regulations.

**Foreign currency risks:** Our dependence on revenues from overseas clients exposes the Company to foreign currency risks.

**Mitigation:** Hexaware follows a structured hedging program approved by the Board. As on 31st December 2016, the Company had the following hedges maturing over the course of the next eight quarters:

- \$141.8 million at an average exchange rate of ₹ 72.57
- €4.2 million at an average exchange rate of ₹ 81.26
- £4.2 million at an average exchange rate of ₹ 101.71

The Company has systematic hedging policy approved by the Committee of Board and it has been effective in protecting the risk.

**Liquidity risk:** An adequate liquid institution is one which is able to meet its cash and collateral obligations and run its day-to-day operations smoothly. For a firm such as Hexaware, the threat to its liquidity could be a risk factor.

**Mitigation:** Hexaware has been a zero-debt company for the past six years. The Company had cash and bank balances including investments in mutual funds (current investment) worth ₹ 4,482 million as on 31st December 2016. The Company's receivables cycle (including unbilled) is pegged at 63 days, which is one of the best in the industry. Its average resource utilisation for 2016 was 73.1%

**Attrition risk:** IT firms need to invest in employee training on a routine basis. This intellectual capital is an important resource for firms like Hexaware and employee attrition is a major threat that drains the Company's intellectual capital and renders it uncompetitive.

**Mitigation:** Hexaware's employee attrition stood at 16.1% as on 31st December 2016, which is around the industry average, reflecting the Company's people management effectiveness. Hexaware also invests in regular training programs under our dedicated platform of HexaVarsity to constantly upgrade the skills of the Company's

employees. The Company has a structured system to monitor the performance of its employees and keep high performers motivated and loyal to the Company.

### Internal control systems and their adequacy

At Hexaware, the internal control system is designed to prevent operational risks through a framework of internal controls and processes. This internal control system ensures that all business transactions are recorded in a timely manner, the financial records are complete, resources are utilised effectively and our assets are safeguarded. Hexaware has developed robust policies, procedures, checks and balances to bring in discipline in day-to-day functions, for accurately and timely compilation of data. A mix of automated and manual controls is used to ensure proper preparation and reliability of accounting records. In addition, the audit committee has appointed KPMG as the internal auditors of the Company. The internal audit ensures safeguarding the assets of the Company, review of operational efficiency, effectiveness of systems and processes and assessing the internal control strengths in all areas. Furthermore, the internal auditors' findings are discussed with the process owners and corrective actions are taken as per the directions of audit committee.

Report of the statutory auditors on the adequacy and effectiveness of internal finance controls is included on page no. 112 and page no. 136 of this annual report

## Financial overview (consolidated)

### Fiscal 2016 at a glance

- Revenue in constant currency at \$529.6 million, up 9% YoY
- Revenue at ₹ 35,349 million, up 13.2% YoY [\$525.6 million, up 8.3%]
- EBITDA (before RSU cost) at ₹ 5,994 million, up 7.6% YoY [\$89.2 million, up 3.0%]
- PAT at ₹ 4,171 million, up 6.1% YoY [\$62.1 million, up 2.3%]
- Earnings per share (basic EPS) of ₹ 13.82, up 5.9% YoY
- Dividend distribution of ₹ 5.50 per share on equity share of ₹ 2 each i.e. 275% [48% of PAT distributed as dividend]
- \$153 million TCV new customer deals wins in 2016

## Financial position / Balance sheet analysis

### 1) Share Capital

The paid-up share capital of the Company as at December 31, 2016 was ₹ 604.06 million comprising 302,028,195 Equity Shares of ₹ 2 each. During the year, 465,298 shares were allotted under ESOP plans.

The Company initiated buy-back plan for re-purchase of 5,694,835 shares representing 1.9% of total issued equity shares from the shareholders of the Company on a proportionate basis by way of a tender offer route at a price of ₹ 240 per equity share for an aggregate amount of ₹ 1,366.76 million. The buy-back was successfully closed in February 2017.

### 2) Reserves and Surplus

The Company's reserves (excluding hedging reserve account) increased by ₹ 2,471.21 million to ₹ 16,184.18 million as at December 31, 2016 from ₹ 13,712.97 million as at December 31, 2015. The premium received on issue of shares under ESOP/RSU plans was ₹ 12.13 million.

Hedging reserve balance stood at ₹ 322.77 million as at December 31, 2016 as against ₹ 15.96 million as at December 31, 2015. Hedging reserve represent mark-to-market gain/ loss on the forward contract designated as hedge in accordance with the recognition and measurement principles set out in the Accounting Standard (AS) 30 "Financial Instruments: Recognition and Measurement"

### 3) Deferred Tax Liability and Assets

The deferred tax represents the tax effect due to timing difference of the income chargeable to tax recognized and measured in accordance with the Accounting Standard (AS) 22 "Accounting for Taxes on Income". The Company recognized ₹ 29.14 million as deferred tax liability as at December 31, 2016 (₹ 91.95 million as at December 31, 2015) and deferred tax asset of ₹ 404.74 million as at December 31, 2016 (₹ 348.05 million as at December 31, 2015). The Company records net positions as assets and liabilities based on tax jurisdictions considering rights to offset. Note no. 6 of the Consolidated Financial Statements provides components of assets and liabilities.

### 4) Other long term liabilities

₹ million

| Particulars          | 2016         | 2015         |
|----------------------|--------------|--------------|
| i For expenses       | 11.46        | 3.53         |
| ii Capital creditors | 29.03        | 27.27        |
| <b>Total</b>         | <b>40.49</b> | <b>30.80</b> |

The other long-term liabilities largely comprises of expense accruals and capital creditors representing retention payable towards capex. Both increased by ₹ 7.93 million and 1.76 million respectively.

### 5) Long-term provisions

Long-term provisions represents provision towards employee benefits i.e. gratuity and compensated

## Management's Discussion and Analysis

absences (paid leaves). The provisions have increased by ₹ 111.39 million to ₹ 434.06 million as at December 31, 2016 compared to ₹ 322.67 million as at December 31, 2015 due to increase in employee strength and increments.

### 6) Trade payables

Trade payables in respect of goods and services increased to ₹ 1,291.24 million as on December 31, 2016 against ₹ 981.88 million as on December 31, 2015 due to increase in business activity.

### 7) Other current liabilities ₹ million

| Particulars                             | 2016            | 2015            |
|-----------------------------------------|-----------------|-----------------|
| i Unearned revenues                     | 252.33          | 275.13          |
| ii Unclaimed dividend                   | 137.66          | 119.92          |
| iii Employee related liability          | 1,237.73        | 1,036.83        |
| iv Statutory liabilities                | 343.14          | 367.31          |
| v Deposit received for customer/ lessee | 0.03            | 0.38            |
| vi Capital creditors                    | 397.49          | 389.57          |
| vii For expenses                        | 867.45          | 795.88          |
| <b>Total</b>                            | <b>3,235.83</b> | <b>2,985.02</b> |

**Other current liabilities increased by 250.81 million attributed to:**

- Increase in unclaimed dividend by ₹ 17.74 million. Unclaimed dividend represents that the dividend warrants are yet not encashed by certain shareholders. The amount outstanding does not include any amount to be credited to Investor Education and Protection Fund.
- Increase in employee related liability by ₹ 200.90 million which includes salary and bonuses/ incentives payables.
- Increase in capital creditors ₹ 7.92 million largely relating to the facilities under construction at Chennai and Pune.
- Increase in accruals for operational expenses by ₹ 71.57 million due to increase in size of operations.

**The above increases were partially offset by a decrease in:**

- Unearned revenue, i.e. advance billing to customers not recognised as revenue decreased by ₹ 22.80 million.
- Decrease in statutory liabilities not due for the payment by ₹ 24.17 million.

### 8) Short-term provisions ₹ million

| Particulars                                    | 2016            | 2015            |
|------------------------------------------------|-----------------|-----------------|
| i Provision for employee benefits              | 548.22          | 488.18          |
| ii Proposed dividend                           | 302.03          | 723.75          |
| iii Tax on proposed dividend                   | 61.48           | 147.34          |
| iv Provision for taxation (net of advance tax) | 186.45          | 104.47          |
| v Others                                       | 171.93          | 89.78           |
| <b>Total</b>                                   | <b>1,270.11</b> | <b>1,553.52</b> |

**Provisions decreased at the end of 2016 by 283.41 attributed to:**

- Proposed dividend and tax on it decreased by ₹ 507.58 million. The proposed dividend represent interim dividend declared of ₹ 1.00 per share for Q4-2016 (₹ 2.40 per share for Q4-2015).

**The above decrease was partially offset by increase in:**

- Provision for employee benefits i.e. short term gratuity and compensated absences increased by ₹ 60.04 million due to increase in employee strength and increment etc.
- Increase in Provision for income-tax by ₹ 81.98 million.
- Provision - Others increased by ₹ 82.15 million. This represents provision for employee benefit obligation on contract acquisition. Refer note no. 32 of consolidated financial statements.

### 9 Fixed assets

- Total additions to fixed assets was ₹ 486.58 million. Of the total addition, ₹ 173.19 is in respect of plant and machinery largely computer systems, ₹ 121.89 million is in respect of leasehold land being additional premium paid for siruseri land, ₹ 33.57 million is in respect of improvements made to premises taken on lease in North America, ₹ 87.81 million in intangibles-software's and ₹ 69.11 million in respect of other assets like furniture & fixture/ office equipment etc.
- Capital work in progress (CWIP) stood at ₹ 3,233.19 million as at December 31, 2016 compared to ₹ 1,160.35 million as at December 31, 2015. The CWIP is largely in respect of new facility/ capacity being created in the SEZs in Chennai and Pune. In the earlier year,

the Company started work on Phase-2 of the development in the SEZ at Siruseri, Chennai, and first phase development of SEZ in Hinjewadi, Pune, both in the year 2016, picked-up pace. Part of the Pune SEZ complex has been operationalized in January 2017.

- c) Estimated amount of contracts remaining to be executed on capital accounts largely relating to the aforesaid development work amounted to ₹ 280.93 million as at December 31, 2016 (₹ 1,722.76 million as at December 31, 2015).

#### 10) Non-current investments

- a) The Company has invested ₹ 4.58 million in shares of Beta Wind Farm Ltd., a company engaged in generation of renewable energy. Investment is of strategic nature to avail benefit of renewable energy in Chennai.
- b) During the year, the Company through its wholly owned subsidiary in Singapore also invested ₹ 16.95 million in associate company Experis Technology Solutions Pte. Ltd. representing 20% ownership interest. This investment is considered to be of strategic importance wherein Company would provide IT/ITES services to the customers sourced through the associate company, who in turn will source business through business relations of majority partner.

#### 11) Long term loans and advances ₹ million

| Particulars                                       | 2016            | 2015            |
|---------------------------------------------------|-----------------|-----------------|
| i Capital advances                                | 25.16           | 353.35          |
| ii Security deposits                              | 211.89          | 136.85          |
| iii Advance income tax (net of provision for tax) | 316.50          | 342.24          |
| iv Mat credit entitlement                         | 958.59          | 917.48          |
| v Other loans and advances                        | 239.86          | 63.36           |
| <b>Total</b>                                      | <b>1,752.00</b> | <b>1,813.28</b> |

**Long term loans and advances decreased by ₹ 61.28 million comprising the following:**

- a) Decrease in capital advances by ₹ 328.19 million to ₹ 25.16 million from ₹ 353.35 million. Reduction is on account of adjustment of advance against the invoices received on progressive basis for the construction of SEZ facility at Chennai and Pune.
- b) Advance income-tax came town due by ₹ 25.74 million due to refund received during the year.

**The above decreases were partially offset by increase in:**

- a) Security deposits increased by ₹ 75.04 million mainly towards new premises taken on lease.
- b) Increase in MAT credit entitlement by 41.11 million
- c) Other loans and advances, consist mainly of prepayments and indirect taxes recoverable, increased by 176.50 million.

#### 12) Other non-current assets ₹ million

| Particulars                                                               | 2016          | 2015          |
|---------------------------------------------------------------------------|---------------|---------------|
| i Interest accrued on deposits                                            | 0.94          | 0.51          |
| ii Unbilled services                                                      | -             | 39.69         |
| iii Receivable on account of mark to market gains on derivative contracts | 127.50        | 1.77          |
| iv Restricted bank balances                                               | 167.60        | 154.09        |
| <b>Total</b>                                                              | <b>296.04</b> | <b>196.06</b> |

**Other non-current assets increased by ₹ 99.98 million on following count:**

- a) Increase in mark-to-market receivables position as at December 31, 2016, in respect of the forward exchange contracts designated as hedges by ₹ 125.73 million. The portion of position expected to be settled after 12 months was ₹ 127.50 million.
- b) Restricted bank balances increased by ₹ 13.51 million.

**The above increase was offset by a decrease in:**

- a) Decrease in unbilled services by ₹ 39.69 million

#### 13) Trade receivables

Trade receivables as at December 31, 2016 stood at ₹ 4,376.04 million as against balance of ₹ 4,405.78 million as at December 31, 2015, an decrease of ₹ 29.74 million. Day's sales outstanding (DSO) improved considerably to 43 days at the end of 2016 compared with 49 days at the end of 2015. The DSO is the best compared amongst the industry peers.

#### 14) Current investments and cash and cash equivalent

- a) Investment and bank balance put together aggregates to ₹ 4,482.48 million (US\$ 65.99 million) as at December 31, 2016.
- b) The Company invests surplus cash in liquid mutual funds. As at December 31, 2016 investment decreased to ₹ 188.50 million from ₹ 409.33 million as at December 31, 2015.
- c) Cash balances with banks in current and deposit

## Management's Discussion and Analysis

accounts including earmarked and restricted bank balances as at December 31, 2016 were ₹ 4,293.98 million up by ₹ 275.43 million as compared to balance as at December 31, 2015 of ₹ 4,018.55.

The bank balances also includes balance earmarked for the purpose of buy-back of shares aggregating to ₹ 1,395.43 million.

### 15) Short-term loans and advances ₹ million

| Particulars                                      | 2016          | 2015          |
|--------------------------------------------------|---------------|---------------|
| i Security deposits                              | 34.70         | 9.70          |
| ii Advance income tax (net of provision for tax) | 21.49         | 25.67         |
| iii Other loans and advances                     | 763.79        | 733.98        |
| <b>Total</b>                                     | <b>819.98</b> | <b>769.35</b> |

Short-term loans and advances increased by ₹ 50.63 million comprising:

- Increase of ₹ 25.00 million in security deposits largely in respect of premises.
- Increase of ₹ 29.81 million in other loans and advances which largely represents prepayments and advance recoverable -mainly on account of advance given to employee for business purposes.
- Decrease of ₹ 4.18 million in advance income-taxes.

### 16) Other current assets ₹ million

| Particulars                                                               | 2016            | 2015            |
|---------------------------------------------------------------------------|-----------------|-----------------|
| i Interest accrued on deposits                                            | 0.49            | 1.05            |
| ii Unbilled services                                                      | 2,638.51        | 1,978.38        |
| iii Receivable on account of mark to market gains on derivative contracts | 230.62          | 19.08           |
| <b>Total</b>                                                              | <b>2,869.62</b> | <b>1,998.51</b> |

**Other current assets increased by ₹ 871.11 million on account of:**

- Increase in unbilled services by ₹ 660.13 million mainly on account of increase in business activity of company.
- Increase in mark-to-market receivables position as at December 31, 2016, in respect of the forward exchange contracts designated as hedges by ₹ 211.54 million. The portion of position expected to be settled within 12 months was ₹ 230.62 million.

## Consolidated results (P&L)

### 1) Income from operations

In fiscal 2016, Revenues increased to ₹ 35,348.99 million compared to ₹ 31,235.23 million in the previous year, an increase of 13.2%. Revenue in USD terms grew by 8.3% to \$525.55 million from \$485.47 million in the year 2015. Increase was attributed to an increase in volume, onsite business, bill rates and favourable exchange rates.

Onsite revenue proportion increased in 2016 to 64.3% compared to 60.8% in 2015.

Our repeat business continues to be over 95%. On the client mining we have been able to grow no. of client contributing over \$ 50 million annualized revenue to 3 from 1 in last year. Client contributing over \$1 million increased to 78 from 69 in previous year.

### 2) Other income

Other income reduced to ₹ 38.41 million from ₹ 90.17 million in 2015; the reduction of ₹ 51.76 million mainly attributed to reduction in dividend and interest income by ₹ 32.95 million and ₹ 6.93 million respectively. Miscellaneous income reduced by ₹ 11.32 million.

### 3) Software and development expenses

In fiscal 2016, software and development expense increased to ₹ 6,300.81 million from ₹ 5,325.95 million in the previous year, i.e. an increase of 18.3%. As a percentage to sales, these expenses were 17.82% compared to 17.05% in fiscal 2015, the increase attributed to increased subcontracting charges with increase in onsite revenues.

### 4) Employee benefit expenses

The employment expenses without stock based compensation costs (RSU costs) increased to ₹ 19,705.12 million compared to ₹ 17,521.08 million in the previous year, an increase of 12.5% in tandem with the increase in revenues.

Ratio of employee cost-to-revenue marginally improved to 55.74% in fiscal 2016 as against 56.09% in fiscal 2015. The worldwide employee count including subcontractors was 12,115 as of December 2016, an increase of 740 compared to headcount of 11,375 as of December 2015.

### 5) Employee stock option compensation cost (ESOP/ RSU)

In fiscal 2015, the Company instituted long-term incentive plan in the form of grant of Restricted Stock Units (RSU). The compensation cost recognized

using fair value method for these RSU is ₹ 246.74 million for the fiscal 2016.

The RSUs vest on completion of service period and/or achievement of the specified performance targets aimed at the long-term accelerated growth. The RSUs upon vesting are exercisable at ₹ 2 per share.

#### 6) Operations and other expenses

Operations and other expenses increased to ₹ 3,349.05 million in the fiscal 2016 from ₹ 2,818.89 million in fiscal 2015, an increase of 18.8%. Increase was largely in marketing, brand promotions including travelling, new facility/ addition in existing facilities and utility costs. As a percentage to revenue, these costs were 9.47% in fiscal 2016 compared to 9.02% in fiscal 2015.

#### 7) Depreciation

Depreciation expense increased to ₹ 558.43 million in 2015 compared to ₹ 482.47 million in 2015, increase of ₹ 75.96 million largely due to additions of computers, equipment, software's and intangibles.

#### 8) Income-tax expense

Total tax expense increased to ₹ 1,410.68 million in fiscal 2016 as against ₹ 1,114.02 million in fiscal 2015.

Effective tax rate increased to 25.27% compared to 22.08% in previous year mainly due to one of the SEZ units profit became partially taxable and increase in non-exempt income.

### Cautionary statements

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

For and on behalf of the Board

**Atul K. Nishar**  
(Chairman)

Place : Mumbai  
Date : March 28, 2017

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF HEXAWARE TECHNOLOGIES LIMITED

#### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **HEXAWARE TECHNOLOGIES LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associate, comprising of the Consolidated Balance Sheet as at 31st December, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

#### Management's Responsibility for the Consolidated Financial Statements

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

#### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associate as at 31st December, 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

#### Other Matters

- a) We did not audit the financial statements of eleven subsidiaries, whose financial statements reflect total assets of ₹ 3,573.54 million as at 31st December, 2016, total revenues of ₹ 5180.14 million and net cash flows amounting to ₹ 67.05 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 by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors.

- b) The consolidated financial statements include the Group's share of net loss of ₹ 0.00 million for the year ended 31st December, 2016, as considered in the consolidated financial statements, in respect of one associate company, which is yet to commence operations, whose financial statements have not been audited. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this associate, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, as applicable.
  - e) On the basis of the written representations received from the directors of the Holding Company as on 31st December, 2016 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31st December, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our Report in "Annexure A", which is based on the auditors' reports of the Holding company and the subsidiary company incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Holding company's and the subsidiary company's internal financial controls over financial reporting.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group- Refer Note 23 to the consolidated financial statements;
    - ii) The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
    - iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary company incorporated in India.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

**Abhijit A. Damle**

Partner  
(Membership No. 102912)

Place : Mumbai  
Date : 7th February, 2017

## ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

### Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31st December, 2016, we have audited the internal financial controls over financial reporting of Hexaware Technologies Limited (hereinafter referred to as "the Holding Company") and its subsidiary company, which are companies incorporated in India, as of that date.

#### Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company and its subsidiary company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the auditors of the subsidiary company, which is a company incorporated in India, in terms of their report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of

collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Holding Company and its subsidiary company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st December, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

### Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to the subsidiary company, which is company incorporated in India, is based on the corresponding report of the auditor of such company incorporated in India.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

**Abhijit A. Damle**

Partner  
(Membership No. 102912)

Place : Mumbai  
Date : 7th February, 2017

## CONSOLIDATED BALANCE SHEET as at 31st December, 2016

(₹ Million)

| Particulars                                            | Note No. | As at<br>31st December, 2016 | As at<br>31st December, 2015 |
|--------------------------------------------------------|----------|------------------------------|------------------------------|
| <b>I. EQUITY AND LIABILITIES</b>                       |          |                              |                              |
| <b>Share holders' funds</b>                            |          |                              |                              |
| a. Share capital                                       | 4        | 604.06                       | 603.13                       |
| b. Reserves and surplus                                | 5        | 16,506.95                    | 13,728.93                    |
|                                                        |          | <b>17,111.01</b>             | <b>14,332.06</b>             |
| <b>Non-current liabilities</b>                         |          |                              |                              |
| a. Deferred tax liabilities (net)                      | 6        | 29.14                        | 91.95                        |
| b. Other long-term liabilities                         | 7        | 40.49                        | 30.80                        |
| c. Long-term provisions - Employee benefits            |          | 434.06                       | 322.67                       |
|                                                        |          | <b>503.69</b>                | <b>445.42</b>                |
| <b>Current liabilities</b>                             |          |                              |                              |
| a. Trade payables                                      |          |                              |                              |
| i) Dues of micro and small enterprises                 |          | 2.48                         | -                            |
| ii) Others                                             |          | 1,288.76                     | 981.88                       |
| b. Other current liabilities                           | 8        | 3,235.83                     | 2,985.02                     |
| c. Short-term provisions                               | 9        | 1,270.11                     | 1,553.52                     |
|                                                        |          | <b>5,797.18</b>              | <b>5,520.42</b>              |
| <b>Total</b>                                           |          | <b>23,411.88</b>             | <b>20,297.90</b>             |
| <b>II. ASSETS</b>                                      |          |                              |                              |
| <b>Non-current assets</b>                              |          |                              |                              |
| a. Fixed Assets                                        | 10       |                              |                              |
| i) Tangible assets                                     |          | 3,328.23                     | 3,378.30                     |
| ii) Intangible assets                                  |          | 1,995.63                     | 1,949.85                     |
| iii) Capital work-in-progress                          |          | 3,233.19                     | 1,160.35                     |
|                                                        |          | 8,557.05                     | 6,488.50                     |
| b. Non-current investments                             | 11       | 21.53                        | 4.58                         |
| c. Deferred tax asset (Net)                            | 6        | 404.74                       | 348.05                       |
| d. Long-term loans and advances                        | 12       | 1,752.00                     | 1,813.28                     |
| e. Other non-current assets                            | 13       | 296.04                       | 196.06                       |
|                                                        |          | <b>11,031.36</b>             | <b>8,850.47</b>              |
| <b>Current Assets</b>                                  |          |                              |                              |
| a. Current investments                                 | 14       | 188.50                       | 409.33                       |
| b. Trade receivables                                   | 15       | 4,376.04                     | 4,405.78                     |
| c. Cash and cash equivalents                           | 16       | 4,126.38                     | 3,864.46                     |
| d. Short-term loans and advances                       | 17       | 819.98                       | 769.35                       |
| e. Other current assets                                | 18       | 2,869.62                     | 1,998.51                     |
|                                                        |          | <b>12,380.52</b>             | <b>11,447.43</b>             |
| <b>Total</b>                                           |          | <b>23,411.88</b>             | <b>20,297.90</b>             |
| <b>III. NOTES FORMING PART OF FINANCIAL STATEMENTS</b> | 1 to 34  |                              |                              |

In terms of our report attached  
**For Deloitte Haskins & Sells LLP**  
 Chartered Accountants

**For and on behalf of the Board of Directors**

**Abhijit A. Damle**  
 (Partner)

**Atul K. Nishar**  
 (Chairman)

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

**Jimmy Mahtani**  
 (Vice Chairman)

**Dileep Choksi**  
 (Director)

**Bharat Shah**  
 (Director)

**P. R. Chandrasekar**  
 (Director)

**Meera Shankar**  
 (Director)

**Basab Pradhan**  
 (Director)

**Christian Oecking**  
 (Director)

Place : Mumbai  
 Date : 7th February, 2017

**Rajesh Kanani**  
 (Chief Financial Officer)

**Gunjan Methi**  
 (Company Secretary)

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS for the year ended 31st December, 2016**

(₹ Million)

| Particulars                                            | Note No. | For the year ended 31st December, 2016 | For the year ended 31st December, 2015 |
|--------------------------------------------------------|----------|----------------------------------------|----------------------------------------|
| <b>I. INCOME</b>                                       |          |                                        |                                        |
| a. Revenue from operations                             |          | 35,348.99                              | 31,235.23                              |
| b. Other income                                        | 19       | 38.41                                  | 90.17                                  |
|                                                        |          | <b>35,387.40</b>                       | <b>31,325.40</b>                       |
| <b>II. EXPENSES</b>                                    |          |                                        |                                        |
| a. Software and development expenses                   | 20       | 6,300.81                               | 5,325.95                               |
| b. Employee benefits expenses                          | 21       | 19,705.12                              | 17,521.08                              |
| c. Operation and other expenses                        | 22       | 3,349.05                               | 2,818.89                               |
| d. Employee Stock option compensation cost             |          | 246.74                                 | 211.10                                 |
| e. Exchange rate difference (net)                      |          | (355.93)                               | (81.40)                                |
| f. Interest - Others                                   |          | 1.41                                   | 1.19                                   |
| g. Depreciation and amortization expense               | 10       | 558.43                                 | 482.47                                 |
|                                                        |          | <b>29,805.63</b>                       | <b>26,279.28</b>                       |
| <b>Profit before tax</b>                               |          | <b>5,581.77</b>                        | <b>5,046.12</b>                        |
| <b>Tax expense</b>                                     |          |                                        |                                        |
| Income tax - Current                                   |          | 1,564.39                               | 1,260.96                               |
| Less: MAT Credit entitlement                           |          | (40.86)                                | (79.87)                                |
| Net current tax expense                                |          | 1,523.53                               | 1,181.09                               |
| Income tax - Deferred                                  |          | (112.85)                               | (67.07)                                |
|                                                        |          | <b>1,410.68</b>                        | <b>1,114.02</b>                        |
| <b>Profit for the year</b>                             |          | <b>4,171.09</b>                        | <b>3,932.10</b>                        |
| <b>Earnings per share (in ₹)</b>                       | 28       |                                        |                                        |
| Basic                                                  |          | <b>13.82</b>                           | <b>13.05</b>                           |
| Diluted                                                |          | <b>13.70</b>                           | <b>12.94</b>                           |
| <b>Face value of equity share (in ₹)</b>               |          | <b>2.00</b>                            | <b>2.00</b>                            |
| <b>III. NOTES FORMING PART OF FINANCIAL STATEMENTS</b> | 1 to 34  |                                        |                                        |

In terms of our report attached  
**For Deloitte Haskins & Sells LLP**  
Chartered Accountants

**Abhijit A. Damle**  
(Partner)

**Atul K. Nishar**  
(Chairman)

**Dileep Choksi**  
(Director)

**Meera Shankar**  
(Director)

**Rajesh Kanani**  
(Chief Financial Officer)

**For and on behalf of the Board of Directors**

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

**Bharat Shah**  
(Director)

**Basab Pradhan**  
(Director)

**Gunjan Methi**  
(Company Secretary)

**Jimmy Mahtani**  
(Vice Chairman)

**P. R. Chandrasekar**  
(Director)

**Christian Oecking**  
(Director)

Place : Mumbai  
Date : 7th February, 2017

## CONSOLIDATED CASH FLOW STATEMENT for the year ended 31st December, 2016

(₹ Million)

| Particulars                                                                                                                             | For the year ended<br>31st December, 2016 | For the year ended<br>31st December, 2015 |
|-----------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|-------------------------------------------|
| <b>A Cash Flow from operating activities</b>                                                                                            |                                           |                                           |
| Net Profit before tax                                                                                                                   | 5,581.77                                  | 5,046.12                                  |
| <b>Adjustments for:</b>                                                                                                                 |                                           |                                           |
| Depreciation and amortization expenses                                                                                                  | 558.43                                    | 482.47                                    |
| Employee Stock option compensation cost                                                                                                 | 246.74                                    | 211.10                                    |
| Interest income                                                                                                                         | (5.52)                                    | (12.45)                                   |
| Provision for doubtful accounts (net of write back)                                                                                     | (27.55)                                   | 38.32                                     |
| Debts and advances written off                                                                                                          | 16.00                                     | 14.81                                     |
| Dividend from current investments                                                                                                       | (12.44)                                   | (45.39)                                   |
| Profit on sale of fixed assets                                                                                                          | (0.84)                                    | (1.40)                                    |
| Deferred settlement loss relating to roll-over cash flow hedges                                                                         | -                                         | 184.36                                    |
| Exchange rate difference (net) unrealised                                                                                               | 72.39                                     | (11.59)                                   |
| Interest - Others                                                                                                                       | 1.41                                      | 1.19                                      |
| <b>Operating profit before working capital changes</b>                                                                                  | <b>6,430.39</b>                           | <b>5,907.54</b>                           |
| <b>Adjustments for:</b>                                                                                                                 |                                           |                                           |
| Trade and other receivables                                                                                                             | (928.44)                                  | (1,499.88)                                |
| Trade and other payables                                                                                                                | 748.23                                    | 744.92                                    |
| <b>Cash generated from operations</b>                                                                                                   | <b>6,250.18</b>                           | <b>5,152.58</b>                           |
| Direct Taxes Paid (Net)                                                                                                                 | (1,447.11)                                | (1,220.62)                                |
| <b>Net cash from operating activities</b>                                                                                               | <b>4,803.07</b>                           | <b>3,931.96</b>                           |
| <b>B Cash flow from investing activities</b>                                                                                            |                                           |                                           |
| Purchase of fixed assets                                                                                                                | (2,222.67)                                | (1,366.69)                                |
| Proceeds from sale of fixed assets                                                                                                      | 2.13                                      | 2.85                                      |
| Interest received                                                                                                                       | 5.65                                      | 18.35                                     |
| Purchase of current investments                                                                                                         | (7,162.44)                                | (9,406.24)                                |
| Investment in Associate                                                                                                                 | (16.95)                                   | -                                         |
| Proceeds from sale of investments                                                                                                       | 7,383.27                                  | 10,847.87                                 |
| Dividend from current investments                                                                                                       | 12.44                                     | 45.39                                     |
| <b>Net cash (used in) / from investing activities</b>                                                                                   | <b>(1,998.57)</b>                         | <b>141.53</b>                             |
| <b>C Cash flow from financing activities</b>                                                                                            |                                           |                                           |
| Proceeds from issue of share capital (Net)                                                                                              | 13.06                                     | 31.27                                     |
| Interest and other finance charges paid                                                                                                 | (1.41)                                    | (1.19)                                    |
| Dividend paid (including corporate dividend tax)                                                                                        | (2,505.86)                                | (3,172.17)                                |
| <b>Net cash used in financing activities</b>                                                                                            | <b>(2,494.21)</b>                         | <b>(3,142.09)</b>                         |
| <b>Net increase in cash and cash equivalents</b>                                                                                        | <b>310.29</b>                             | <b>931.40</b>                             |
| Cash and cash equivalents at the beginning of the year                                                                                  | 3,791.16                                  | 2,859.76                                  |
| <b>Cash and cash equivalents at the end of the year (Refer Note No. 1 below)</b>                                                        | <b>4,101.45</b>                           | <b>3,791.16</b>                           |
| <b>Notes:</b>                                                                                                                           |                                           |                                           |
| 1. Components of cash and cash equivalents comprise the following:<br>(Refer Note no. 16 of notes forming part of financial statements) |                                           |                                           |
| Cash and Bank Balances                                                                                                                  | 4,293.98                                  | 4,018.55                                  |
| Less: Restricted Bank Balances                                                                                                          | (167.60)                                  | (154.09)                                  |
| Cash and cash Equivalents                                                                                                               | <b>4,126.38</b>                           | <b>3,864.46</b>                           |
| Effect of changes in Exchange rate in cash and cash equivalents                                                                         | (24.93)                                   | (73.30)                                   |
| <b>Total Cash and Cash equivalents</b>                                                                                                  | <b>4,101.45</b>                           | <b>3,791.16</b>                           |

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

In terms of our report attached

**For Deloitte Haskins & Sells LLP**

Chartered Accountants

**Abhijit A. Damle**  
 (Partner)

**Atul K. Nishar**  
 (Chairman)

**Dileep Choksi**  
 (Director)

**Meera Shankar**  
 (Director)

**Rajesh Kanani**  
 (Chief Financial Officer)

**For and on behalf of the Board of Directors**
**R. Srikrishna**  
 (CEO & Executive Director)

**Bharat Shah**  
 (Director)

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 (Director)

**Gunjan Methi**  
 (Company Secretary)

**Jimmy Mahtani**  
 (Vice Chairman)

**P. R. Chandrasekar**  
 (Director)

**Christian Oecking**  
 (Director)

 Place : Mumbai  
 Date : 7th February, 2017

## Notes forming part of Consolidated Financial Statements

### 1 Background

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

### 2 Significant Accounting Policies

#### a) Basis of Preparation of Financial Statements

These consolidated financial statements of Hexaware Technologies Limited, its subsidiaries and associate (together the "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 in all material aspects with the applicable provisions of the Companies Act, 2013 (the "Act").

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, 2016.

#### 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.

- e. Associates are entities over which the group has significant influence but not control. Investments in associates are accounted for using the equity method of accounting. The investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the acquisition date.

#### 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/materialise. Example of such estimates include provision for doubtful debts, employee benefits, share based compensation, provision for income taxes, accounting for contract costs expected to be incurred, the useful lives of depreciable fixed assets and provisions for impairment.

## Notes forming part of Consolidated Financial Statements

### 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.

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

Revenue is reported net of discount / incentive.

- b) Dividend income is recognised when right to receive is established.
- c) Interest Income is recognised on time proportion basis.
- d) Profit on sale of investments is recorded on transfer of title from the Company and is determined as the difference between the sales price and the then carrying value of the investment.

### e) Fixed Assets

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

### 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 based on the expert technical advice/stipulations of schedule II to the Act.

| Asset Class                                           | Estimated Useful Life |
|-------------------------------------------------------|-----------------------|
| Building                                              | 60 years              |
| Computer Systems (included in Plant and Machinery)    | 3 years               |
| Office Equipment                                      | 5 years               |
| Electrical Fittings (included in Plant and Machinery) | 8 years               |
| Furniture and Fixtures                                | 8 years               |
| Vehicles                                              | 4 years               |
| Leasehold Land                                        | Over the lease period |
| Improvements to leased Premises                       | Over the lease period |
| Software                                              | 3 years               |
| Customer Contracts/ Relations                         | 5 years               |

### g) Investments

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

### 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 year.

### Foreign Branches

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

### i) Translation and Accounting of Financial Statements of Foreign Subsidiaries.

The local accounts of the overseas 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. The Company designates these instruments as cash flow hedges applying the recognition and measurement principles set out in the Accounting Standard (AS) 30 "Financial Instruments: Recognition and Measurement". These instruments are initially measured at fair value and are re-measured at subsequent reporting dates. Accordingly, the Company records the cumulative gain or loss on effective

cash flow hedges in the Hedging Reserve account until the forecasted transaction materializes. Gain or loss on ineffective cash flow hedges is recognized in the Statement of Profit and Loss. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in hedging reserve is transferred to the Statement of Profit and Loss.

### k) Employee Benefits

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

Payments to defined contribution 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 each balance sheet date. Actuarial gains and losses are recognized in full in the Statement of Profit and Loss for the period in which they occur. Past service cost is 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 Costs

Borrowing costs attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets.

## Notes forming part of Consolidated Financial Statements

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.

### 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 / substantively 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 supported by convincing evidence that sufficient future taxable income will be available to realise such assets. In other situations, deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available to realise these assets.

Minimum Alternate Tax (MAT) credit entitlement is recognized in accordance with the Guidance Note on "Accounting for credit available in respect of Minimum Alternate Tax under the Income Tax Act, 1961" issued by The Institute of Chartered Accountants of India ("ICAI"). MAT credit is recognised as an asset only when and

to the extent there is convincing evidence that the Company will be able to adjust against the normal income tax during the specified period. At each balance sheet date the Company reassesses MAT credit assets, and adjusts the same where required.

Advance taxes paid and provisions for current income taxes are presented net in the balance sheet if 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) Share Based Compensation

The compensation cost of stock options / Restricted Stock Units (RSU) granted to employees of the Company and its subsidiaries is measured using intrinsic value method for the grants made before 1st April, 2015 and for the subsequent grants the same is measured using fair value method being the recommended method of valuation by the Guidance note on Accounting for Employee Share Based Payments issued by the Institute of Chartered Accountants of India. The Compensation cost is amortised over the vesting period of the options.

### q) 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.

### r) Cash and Cash Equivalents

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

### 3 Entities to Consolidation

Following table presents entities consolidated along with proportion of net assets and profit or loss as required by Schedule III of the Act.

|                           |                                                                                                                                |                          | Year 2016                       |           |                                     |           |
|---------------------------|--------------------------------------------------------------------------------------------------------------------------------|--------------------------|---------------------------------|-----------|-------------------------------------|-----------|
| Sr. No.                   | Name of the Entity                                                                                                             | Country of Incorporation | Net Assets                      |           | Share in Profit or Loss             |           |
|                           |                                                                                                                                |                          | As % of consolidated net assets | ₹ Million | As % of consolidated profit or loss | ₹ Million |
| Wholly Owned Subsidiaries |                                                                                                                                |                          |                                 |           |                                     |           |
| 1                         | Hexaware Technologies Limited                                                                                                  | India                    | 63.22%                          | 10,816.01 | 83.96%                              | 3,502.04  |
| 2                         | Hexaware Technologies Inc.                                                                                                     | United States of America | 23.25%                          | 3,977.54  | 13.34%                              | 556.33    |
| 3                         | Hexaware Technologies, Mexico S. De. R.L. De. C.V.                                                                             | Mexico                   | 0.39%                           | 67.87     | 3.06%                               | 127.46    |
| 4                         | Hexaware Technologies UK Ltd.                                                                                                  | United Kingdom           | 2.70%                           | 461.56    | 1.90%                               | 79.12     |
| 5                         | Hexaware Technologies Asia Pacific Pte Limited                                                                                 | Singapore                | 1.03%                           | 176.82    | -1.48%                              | (61.59)   |
| 6                         | Hexaware Technologies GmbH.                                                                                                    | Germany                  | 1.48%                           | 255.44    | 0.47%                               | 19.50     |
| 7                         | Hexaware Technologies Canada Limited.                                                                                          | Canada                   | -0.01%                          | (2.03)    | 0.16%                               | 6.49      |
| 8                         | Risk Technology International Limited                                                                                          | India                    | 6.97%                           | 1,192.25  | -0.20%                              | (8.17)    |
| 9                         | Hexaware Technologies DO Brazil Ltd , Brazil (Subsidiary of Hexaware Technologies UK Ltd)                                      | Brazil                   | -0.03%                          | (5.97)    | 0.04%                               | 1.74      |
| 10                        | Guangzhou Hexaware Information Technologies Company Limited                                                                    | China                    | 0.01%                           | 1.79      | -0.09%                              | (3.65)    |
| 11                        | Hexaware Technologies LLC (formed on 14th October 2015)                                                                        | Russia                   | 0.69%                           | 118.70    | -1.04%                              | (43.39)   |
| 12                        | Hexaware Technologies Saudi LLC (Received investment license, registration is under process)                                   | Saudi Arabia             | 0.04%                           | 7.06      | -0.07%                              | (2.71)    |
| 13                        | Hexaware Technologies Romania SRL (Subsidiary of Hexaware Technologies UK Ltd, formed on 28th September 2016)                  | Romania                  | 0.16%                           | 27.02     | -0.05%                              | (2.08)    |
| Investment in Associate   |                                                                                                                                |                          |                                 |           |                                     |           |
| 14                        | Experis Technology Solutions Pte Ltd (20% ownership interest w.e.f 16th December 2016) (The Company is yet to start operation) | Singapore                | 0.10%                           | 16.95     | 0.00%                               | -         |
| Total                     |                                                                                                                                |                          | 100.00%                         | 17,111.01 | 100.00%                             | 4,171.09  |

| Sr. No.                   | Name of the Entity                                                                                           | Country of Incorporation | Year 2015                       |           |                                     |           |
|---------------------------|--------------------------------------------------------------------------------------------------------------|--------------------------|---------------------------------|-----------|-------------------------------------|-----------|
|                           |                                                                                                              |                          | Net Assets                      |           | Share in Profit or Loss             |           |
|                           |                                                                                                              |                          | As % of consolidated net assets | ₹ Million | As % of consolidated profit or loss | ₹ Million |
| Wholly Owned Subsidiaries |                                                                                                              |                          |                                 |           |                                     |           |
| 1                         | Hexaware Technologies Limited                                                                                | India                    | 58.87%                          | 8,439.51  | 84.10%                              | 3,307.05  |
| 2                         | Hexaware Technologies Inc.                                                                                   | United States of America | 29.83%                          | 4,275.80  | 11.54%                              | 453.83    |
| 3                         | Hexaware Technologies, Mexico S. De. R.L. De. C.V.                                                           | Mexico                   | 0.64%                           | 91.11     | 1.90%                               | 74.55     |
| 4                         | Hexaware Technologies UK Ltd.                                                                                | United Kingdom           | 4.25%                           | 608.51    | 1.88%                               | 74.09     |
| 5                         | FocusFrame Europe BV (Subsidiary of Hexaware Technologies Inc.)                                              | Netherland               | 0.00%                           | -         | 0.55%                               | 21.63     |
| 6                         | Hexaware Technologies Asia Pacific Pte Limited                                                               | Singapore                | 1.28%                           | 182.83    | -0.44%                              | (17.41)   |
| 7                         | Hexaware Technologies GmbH.                                                                                  | Germany                  | 1.68%                           | 240.36    | 0.53%                               | 21.01     |
| 8                         | Hexaware Technologies Canada Limited.                                                                        | Canada                   | -0.02%                          | (2.37)    | 0.20%                               | 7.75      |
| 9                         | Risk Technology International Limited                                                                        | India                    | 3.02%                           | 432.17    | -0.13%                              | (5.29)    |
| 10                        | Hexaware Technologies DO Brazil Ltd , Brazil (Subsidiary of Hexaware Technologies UK Ltd)                    | Brazil                   | -0.02%                          | (3.41)    | 0.04%                               | 1.64      |
| 11                        | Guangzhou Hexaware Information Technologies Company Limited (formed and commenced business on 21st May 2015) | China                    | 0.00%                           | 0.42      | -0.03%                              | (1.22)    |
| 12                        | Hexaware Technologies LLC (formed on 14th October 2015)                                                      | Russia                   | 0.47%                           | 67.13     | -0.14%                              | (5.53)    |
| Total                     |                                                                                                              |                          | 100.00%                         | 14,332.06 | 100.00%                             | 3,932.10  |

## Notes forming part of Consolidated Financial Statements

### 4 SHARE CAPITAL

(₹ Million)

| Particulars                                                                                                                                                                                                                  |                               | As at<br>31st December, 2016 |                               | As at<br>31st December, 2015 |  |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|------------------------------|-------------------------------|------------------------------|--|
| <b>a. Authorised</b>                                                                                                                                                                                                         |                               |                              |                               |                              |  |
| 475,000,000 Equity Shares of ₹ 2/- each                                                                                                                                                                                      |                               | 950.00                       |                               | 950.00                       |  |
| 1,100,000 Series "A" Preference Shares of ₹ 1,421/- each<br>(Authorised Preference share capital can be either cumulative or non cumulative with a power to the Company to convert the same into equity shares at any time.) |                               | 1,563.10                     |                               | 1,563.10                     |  |
| <b>Total</b>                                                                                                                                                                                                                 |                               | <b>2,513.10</b>              |                               | <b>2,513.10</b>              |  |
| <b>b. Issued, Subscribed and Paid-up Capital</b>                                                                                                                                                                             |                               |                              |                               |                              |  |
| Equity Shares of ₹ 2/- each Fully Paid.                                                                                                                                                                                      |                               | 604.06                       |                               | 603.13                       |  |
| <b>Total</b>                                                                                                                                                                                                                 |                               | <b>604.06</b>                |                               | <b>603.13</b>                |  |
| <b>c. Reconciliation of number of shares</b>                                                                                                                                                                                 |                               |                              |                               |                              |  |
| <b>Particulars</b>                                                                                                                                                                                                           | <b>Numbers</b>                | <b>Amount</b>                | <b>Numbers</b>                | <b>Amount</b>                |  |
| Shares outstanding at the beginning of the year                                                                                                                                                                              | 301,562,897                   | 603.13                       | 300,923,472                   | 601.85                       |  |
| Shares issued during the year                                                                                                                                                                                                | 465,298                       | 0.93                         | 639,425                       | 1.28                         |  |
| <b>Shares outstanding at the end of the year</b>                                                                                                                                                                             | <b>302,028,195</b>            | <b>604.06</b>                | <b>301,562,897</b>            | <b>603.13</b>                |  |
| <b>d. Details of shares held by shareholders holding more than 5% shares</b>                                                                                                                                                 |                               |                              |                               |                              |  |
| <b>Name of Shareholder</b>                                                                                                                                                                                                   | <b>No. of<br/>Shares held</b> | <b>% of<br/>holding</b>      | <b>No. of<br/>Shares held</b> | <b>% of<br/>holding</b>      |  |
| HT Global IT Solutions Holdings Ltd. (Holding Company)                                                                                                                                                                       | 215,047,193                   | 71.20                        | 215,047,193                   | 71.31                        |  |

#### 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 liabilities, in proportion to their shareholding.

#### g. Shares reserved for issue under options

The Company has granted employee stock options under ESOP 2002, 2007 and 2008 schemes and restricted stock units (RSU) under the ESOP 2008 and 2015 scheme. Each option / RSU entitles the holder to one equity share of ₹ 2 each. 9,264,407 (9,844,513) options were outstanding as on 31st December, 2016. (Refer Note no. 29)

#### h. The Board of Directors, at its meeting held on 7th February, 2017 has declared 50% interim dividend of ₹ 1 /- per equity share. Further during the year, the Company has also paid interim dividends aggregating to ₹ 4.50 per share (225%).

#### i. The Board of Directors, at its meeting held on 25th October, 2016, approved a buyback proposal, to which the shareholders accorded their consent on 22nd December 2016, for purchase by the Company of upto 5,694,835 shares of ₹ 2 each (representing 1.9% of total issued equity shares) from the shareholders of the Company on a proportionate basis by way of a tender offer route at a price of ₹ 240 per equity share for an aggregate amount not exceeding ₹ 1,366.76 Million in accordance with the provisions of the Companies Act, 2013 and SEBI (Buy Back of Securities) Regulations, 1998. The buy back offer opens on 2nd February 2017 and closes on 15th February 2017.

**5 RESERVES AND SURPLUS**

(₹ Million)

| Particulars                                                                                                                                                     | As at 31st December,<br>2016 | As at 31st December,<br>2015 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|------------------------------|
| <b>a Securities premium account</b>                                                                                                                             |                              |                              |
| As per last Balance Sheet                                                                                                                                       | 4,772.37                     | 4,741.93                     |
| Add : Received during the year                                                                                                                                  | 12.13                        | 30.44                        |
| Add : Transfer from Employee Stock Option outstanding                                                                                                           | 24.23                        | -                            |
| <b>Closing balance</b>                                                                                                                                          | <b>4,808.73</b>              | <b>- 4,772.37</b>            |
| <b>b Employee stock options outstanding</b>                                                                                                                     |                              |                              |
| As per last Balance Sheet                                                                                                                                       | 232.66                       | -                            |
| Add : Employee stock options compensation cost (includes ₹ Nil (₹ 21.56 Million) transferred from other payable for expenses, being accrual in an earlier year) | 246.74                       | 232.66                       |
| Less : Transfer to Securities premium account on exercise of stock options                                                                                      | 24.23                        | -                            |
| <b>Closing balance</b>                                                                                                                                          | <b>455.17</b>                | <b>232.66</b>                |
| <b>c General reserve</b>                                                                                                                                        |                              |                              |
| As per last Balance Sheet                                                                                                                                       | 2,144.05                     | 2,140.38                     |
| Add : Transfer from Statement of Profit and Loss                                                                                                                | -                            | 3.67                         |
| <b>Closing balance</b>                                                                                                                                          | <b>2,144.05</b>              | <b>2,144.05</b>              |
| <b>d Hedging reserve</b>                                                                                                                                        |                              |                              |
| As per last Balance Sheet                                                                                                                                       | 15.96                        | (253.01)                     |
| Add : (Profit) / Losses transferred to Statement of Profit and Loss on occurrence of forecasted hedge transactions (Net)                                        | (147.35)                     | 109.97                       |
| Add : Changes in the fair value of the effective portion of outstanding cash flow hedges                                                                        | 454.16                       | 159.00                       |
| <b>Closing balance</b>                                                                                                                                          | <b>322.77</b>                | <b>15.96</b>                 |
| <b>e Amalgamation reserve</b>                                                                                                                                   | <b>2.88</b>                  | <b>2.88</b>                  |
| <b>f Special Economic Zone Re-investment reserve</b>                                                                                                            |                              |                              |
| As per last Balance Sheet                                                                                                                                       | 329.52                       | 281.39                       |
| Add : Transfer from Balance in Statement of Profit and Loss                                                                                                     | 177.73                       | 172.75                       |
| Less : Transfer to Statement of Profit and Loss on utilisation for acquisition of plant and machinery.                                                          | 174.30                       | 124.62                       |
| <b>Closing balance</b>                                                                                                                                          | <b>332.95</b>                | <b>329.52</b>                |
| <b>g Currency translation reserve</b>                                                                                                                           |                              |                              |
| As per last Balance Sheet                                                                                                                                       | 1,109.70                     | 1,011.72                     |
| Addition during the year (Net)                                                                                                                                  | 39.89                        | 97.98                        |
| <b>Closing balance</b>                                                                                                                                          | <b>1,149.59</b>              | <b>1,109.70</b>              |
| <b>h Balance in Statement of Profit and Loss</b>                                                                                                                |                              |                              |
| As per last Balance Sheet                                                                                                                                       | 5,121.79                     | 4,378.41                     |
| Add : Profit for the year                                                                                                                                       | 4,171.09                     | 3,932.10                     |
| Add : Transfer from Special Economic Zone Re-investment reserve                                                                                                 | 174.30                       | 124.62                       |
|                                                                                                                                                                 | <b>9,467.18</b>              | <b>8,435.13</b>              |
| Less : Appropriations                                                                                                                                           |                              |                              |
| Interim Dividend-Equity                                                                                                                                         | 1,660.60                     | 2,608.16                     |
| Tax on Dividend                                                                                                                                                 | 338.04                       | 528.76                       |
| Transfer to General Reserve                                                                                                                                     | -                            | 3.67                         |
| Transfer to Special Economic Zone Re-investment reserve                                                                                                         | 177.73                       | 172.75                       |
|                                                                                                                                                                 | <b>2,176.37</b>              | <b>3,313.34</b>              |
| <b>Closing balance</b>                                                                                                                                          | <b>7,290.81</b>              | <b>5,121.79</b>              |
| <b>Total</b>                                                                                                                                                    | <b>16,506.95</b>             | <b>13,728.93</b>             |

## Notes forming part of Consolidated Financial Statements

(₹ Million)

| Particulars                                                                                                | As at<br>31st December, 2016 | As at<br>31st December, 2015 |
|------------------------------------------------------------------------------------------------------------|------------------------------|------------------------------|
| <b>6 DEFERRED TAX ASSETS / LIABILITIES</b>                                                                 |                              |                              |
| <b>a. Deferred tax assets</b>                                                                              |                              |                              |
| i. Provision for doubtful receivables                                                                      | 9.03                         | 8.53                         |
| ii. Depreciation                                                                                           | 11.10                        | 9.83                         |
| iii. Employee benefits                                                                                     | 339.24                       | 288.60                       |
| iv. Provision - others                                                                                     | 45.04                        | 40.82                        |
| v. Others                                                                                                  | 0.33                         | 0.27                         |
| <b>Total</b>                                                                                               | <b>404.74</b>                | <b>348.05</b>                |
| <b>b. Deferred tax liabilities</b>                                                                         |                              |                              |
| i. Depreciation                                                                                            | 182.70                       | 169.51                       |
|                                                                                                            | <b>182.70</b>                | <b>169.51</b>                |
| Less: Deferred tax assets:                                                                                 |                              |                              |
| i. Employee benefits                                                                                       | 104.32                       | 67.49                        |
| ii. Provision others                                                                                       | 30.00                        | -                            |
| iii. Provision for doubtful debts and advances                                                             | 19.24                        | 10.07                        |
|                                                                                                            | <b>153.56</b>                | <b>77.56</b>                 |
| <b>Total</b>                                                                                               | <b>29.14</b>                 | <b>91.95</b>                 |
| <b>7 OTHER LONG-TERM LIABILITIES</b>                                                                       |                              |                              |
| a For expenses                                                                                             | 11.46                        | 3.53                         |
| b Capital creditors                                                                                        | 29.03                        | 27.27                        |
| <b>Total</b>                                                                                               | <b>40.49</b>                 | <b>30.80</b>                 |
| <b>8 OTHER CURRENT LIABILITIES</b>                                                                         |                              |                              |
| a Unearned revenues                                                                                        | 252.33                       | 275.13                       |
| b Unclaimed dividend *                                                                                     | 137.66                       | 119.92                       |
| c Other payables                                                                                           |                              |                              |
| - Employee related                                                                                         | 1,237.73                     | 1,036.83                     |
| - Statutory liabilities                                                                                    | 343.14                       | 367.31                       |
| - Deposit received from customer / lessee                                                                  | 0.03                         | 0.38                         |
| - Capital creditors                                                                                        | 397.49                       | 389.57                       |
| - For expenses                                                                                             | 867.45                       | 795.88                       |
| * There is no amount due and outstanding to be credited to Investor Education and Protection Fund.         |                              |                              |
| <b>Total</b>                                                                                               | <b>3,235.83</b>              | <b>2,985.02</b>              |
| <b>9 SHORT-TERM PROVISIONS</b>                                                                             |                              |                              |
| a For employee benefits                                                                                    | 548.22                       | 488.18                       |
| b Proposed dividend                                                                                        | 302.03                       | 723.75                       |
| c Tax on proposed dividend                                                                                 | 61.48                        | 147.34                       |
| d Provision for taxation (net of advance tax) (net of MAT credit availed ₹ 0.25 Million (₹ 47.68 Million)) | 186.45                       | 104.47                       |
| e Others (Refer note no. 32)                                                                               | 171.93                       | 89.78                        |
| <b>Total</b>                                                                                               | <b>1,270.11</b>              | <b>1,553.52</b>              |

## 10 FIXED ASSETS

(₹ Million)

| Sr. No.                                                                                  | Particulars                                                     | GROSS BLOCK      |               |                         | DEPRECIATION / AMORTISATION |                  |               |                         | NET BLOCK        |                  |                  |
|------------------------------------------------------------------------------------------|-----------------------------------------------------------------|------------------|---------------|-------------------------|-----------------------------|------------------|---------------|-------------------------|------------------|------------------|------------------|
|                                                                                          |                                                                 | As at 01.01.2016 | Additions     | Deductions/ Adjustments | As at 31.12.2016            | As at 01.01.2016 | For the year  | Deductions/ Adjustments | As at 31.12.2016 | As at 31.12.2016 | As at 31.12.2015 |
| <b>A Tangible assets</b>                                                                 |                                                                 |                  |               |                         |                             |                  |               |                         |                  |                  |                  |
| 1                                                                                        | Land - Freehold                                                 | 0.15             | -             | -                       | 0.15                        | -                | -             | -                       | -                | 0.15             | 0.15             |
|                                                                                          | Land - Leasehold (Refer note no.1)                              | 455.87           | 121.89        | -                       | 577.76                      | 34.64            | 5.89          | -                       | 40.53            | 537.23           | 421.23           |
| 2                                                                                        | Buildings                                                       | 2,250.89         | 1.01          | -                       | 2,251.90                    | 223.72           | 40.54         | -                       | 264.26           | 1,987.64         | 2,027.17         |
| 3                                                                                        | Plant and Machinery                                             | 1,763.17         | 173.19        | 44.55                   | 1,891.81                    | 1,293.90         | 224.67        | 44.42                   | 1,474.15         | 417.66           | 469.27           |
| 4                                                                                        | Office Equipments                                               | 834.51           | 41.94         | 9.50                    | 866.95                      | 617.70           | 97.64         | 8.74                    | 706.60           | 160.35           | 216.81           |
| 5                                                                                        | Furniture and Fixtures                                          | 604.72           | 27.00         | 9.84                    | 621.88                      | 434.65           | 46.16         | 8.77                    | 472.04           | 149.84           | 170.07           |
| 6                                                                                        | Leasehold Improvements                                          | 105.68           | 33.57         | 3.76                    | 135.49                      | 39.26            | 28.86         | 3.66                    | 64.46            | 71.03            | 66.42            |
| 7                                                                                        | Vehicles                                                        | 26.48            | 0.17          | 1.85                    | 24.80                       | 19.30            | 2.80          | 1.63                    | 20.47            | 4.33             | 7.18             |
| <b>Total - Tangible assets</b>                                                           |                                                                 | <b>6,041.47</b>  | <b>398.77</b> | <b>69.50</b>            | <b>6,370.74</b>             | <b>2,663.17</b>  | <b>446.56</b> | <b>67.22</b>            | <b>3,042.51</b>  | <b>3,328.23</b>  | <b>3,378.30</b>  |
| <i>Previous year</i>                                                                     |                                                                 | <i>5,718.38</i>  | <i>402.50</i> | <i>79.41</i>            | <i>6,041.47</i>             | <i>2,338.51</i>  | <i>402.75</i> | <i>78.09</i>            | <i>2,663.17</i>  | <i>3,378.30</i>  |                  |
| <b>B Intangible assets</b>                                                               |                                                                 |                  |               |                         |                             |                  |               |                         |                  |                  |                  |
| 1                                                                                        | Softwares (Other than internally generated)                     | 452.53           | 87.81         | 3.94                    | 536.40                      | 331.43           | 82.92         | 4.15                    | 410.20           | 126.20           | 121.10           |
| 2                                                                                        | Customer Contracts/ Relations (Other than internally generated) | 115.55           | -             | (26.89)                 | 142.44                      | 2.14             | 28.95         | (3.10)                  | 34.19            | 108.25           | 113.41           |
| 3                                                                                        | Goodwill On Consolidation                                       | 1,715.34         | -             | (45.84)                 | 1,761.18                    | -                | -             | -                       | -                | 1,761.18         | 1,715.34         |
| <b>Total - Intangible assets</b>                                                         |                                                                 | <b>2,283.42</b>  | <b>87.81</b>  | <b>(68.79)</b>          | <b>2,440.02</b>             | <b>333.57</b>    | <b>111.87</b> | <b>1.05</b>             | <b>444.39</b>    | <b>1,995.63</b>  | <b>1,949.85</b>  |
| <i>Previous year</i>                                                                     |                                                                 | <i>2,011.39</i>  | <i>190.04</i> | <i>(81.99)</i>          | <i>2,283.42</i>             | <i>252.94</i>    | <i>79.72</i>  | <i>(0.91)</i>           | <i>333.57</i>    | <i>1,949.85</i>  |                  |
| <b>C Capital Work In Progress</b><br>(Mainly in respect of buildings under construction) |                                                                 |                  |               |                         |                             |                  |               |                         |                  |                  |                  |
| <b>Current Year</b>                                                                      |                                                                 | <b>8,324.89</b>  | <b>486.58</b> | <b>0.71</b>             | <b>8,810.76</b>             | <b>2,996.74</b>  | <b>558.43</b> | <b>68.27</b>            | <b>3,486.90</b>  | <b>8,557.05</b>  | <b>6,488.50</b>  |
| <i>Previous year</i>                                                                     |                                                                 | <i>7,729.77</i>  | <i>592.54</i> | <i>(2.58)</i>           | <i>8,324.89</i>             | <i>2,591.45</i>  | <i>482.47</i> | <i>77.18</i>            | <i>2,996.74</i>  | <i>6,488.50</i>  |                  |

### Notes:

- Includes ₹ 90.00 Million and ₹ 8.31 Million (Previous Year ₹ 7.40 Million) being lease premium and accumulated amortisation respectively in respect of one parcel of leasehold land allotted to the Company at Nagpur for which final lease agreement is being executed.
- Plant and machinery includes computer systems.
- Exchange difference (net) on account of translation of fixed assets into INR included under deductions / adjustments is as follows:

| (₹ Million)                  |              |              |
|------------------------------|--------------|--------------|
| Particulars                  | Gross Block  | Depreciation |
| Goodwill on consolidation    | 45.84        | -            |
| <b>Tangible Assets</b>       |              |              |
| Plant and Machinery          | 5.21         | 5.25         |
| Office Equipments            | 1.77         | 1.19         |
| Furniture and Fixtures       | 2.88         | 2.53         |
| Leasehold Improvements       | 3.18         | 3.08         |
| Vehicles                     | 0.05         | 0.05         |
| <b>Intangible Assets</b>     |              |              |
| Computer Softwares           | 0.40         | 0.18         |
| Customer Contracts/Relations | 26.89        | 3.10         |
| <b>Current year</b>          | <b>86.22</b> | <b>15.38</b> |
| <i>Previous year</i>         | <i>87.55</i> | <i>6.41</i>  |

## Notes forming part of Consolidated Financial Statements

(₹ Million)

| Particulars                                                                                                                         | As at<br>31st December, 2016 | As at<br>31st December, 2015 |
|-------------------------------------------------------------------------------------------------------------------------------------|------------------------------|------------------------------|
| <b>11 NON CURRENT INVESTMENTS</b>                                                                                                   |                              |                              |
| a Investment in Associate (Unquoted) (at Cost)<br>250,000 shares of USD 1/- each in Experis Technology Solutions Pte. Ltd.          | 16.95                        | -                            |
| b Trade Investments - Others - Unquoted (At cost)<br>240,958 equity shares of ₹ 10/- each fully paid up in Beta Wind Farm Pvt. Ltd. | 4.58                         | 4.58                         |
| <b>Total</b>                                                                                                                        | <b>21.53</b>                 | <b>4.58</b>                  |
| <b>12 LONG TERM LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD)</b>                                                                 |                              |                              |
| a Capital advances                                                                                                                  | 25.16                        | 353.35                       |
| b Security deposits                                                                                                                 | 211.89                       | 136.85                       |
| c Advance income tax and fringe benefit tax (net of provision for tax)                                                              | 316.50                       | 342.24                       |
| d MAT credit entitlement                                                                                                            | 958.59                       | 917.48                       |
| e Other loans and advances (includes service tax receivable, prepaid expenses, etc.)                                                | 239.86                       | 63.36                        |
| <b>Total</b>                                                                                                                        | <b>1,752.00</b>              | <b>1,813.28</b>              |
| <b>13 OTHER NON CURRENT ASSETS</b>                                                                                                  |                              |                              |
| a Interest accrued on deposits                                                                                                      | 0.94                         | 0.51                         |
| b Unbilled services                                                                                                                 | -                            | 39.69                        |
| c Receivable on account of mark to market gains on derivative contracts (Refer note no. 27)                                         | 127.50                       | 1.77                         |
| d Non current bank balances<br>Restricted bank balances (Refer note no. 16)                                                         | 167.60                       | 154.09                       |
| <b>Total</b>                                                                                                                        | <b>296.04</b>                | <b>196.06</b>                |
| <b>14 CURRENT INVESTMENTS</b>                                                                                                       |                              |                              |
| Investments in Mutual funds (Unquoted)                                                                                              | 188.50                       | 409.33                       |
| <b>Total</b>                                                                                                                        | <b>188.50</b>                | <b>409.33</b>                |
| <b>15 TRADE RECEIVABLES (UNSECURED)</b>                                                                                             |                              |                              |
| <b>a Over six months from the due date</b>                                                                                          |                              |                              |
| Considered good                                                                                                                     | 55.09                        | 26.49                        |
| Considered doubtful                                                                                                                 | 63.68                        | 83.61                        |
|                                                                                                                                     | 118.77                       | 110.10                       |
| Less: Provision for doubtful receivables                                                                                            | 63.68                        | 83.61                        |
|                                                                                                                                     | <b>55.09</b>                 | <b>26.49</b>                 |
| <b>b Others</b>                                                                                                                     |                              |                              |
| Considered good                                                                                                                     | 4,320.95                     | 4,379.29                     |
| Considered doubtful                                                                                                                 | 11.13                        | 19.68                        |
|                                                                                                                                     | <b>4,332.08</b>              | <b>4,398.97</b>              |
| Less: Provision for doubtful receivables                                                                                            | 11.13                        | 19.68                        |
|                                                                                                                                     | <b>4,320.95</b>              | <b>4,379.29</b>              |
| <b>Total</b>                                                                                                                        | <b>4,376.04</b>              | <b>4,405.78</b>              |

(₹ Million)

| Particulars                                                                                                      | As at<br>31st December, 2016 | As at<br>31st December, 2015 |
|------------------------------------------------------------------------------------------------------------------|------------------------------|------------------------------|
| <b>16 CASH AND CASH EQUIVALENTS</b>                                                                              |                              |                              |
| a Cash in hand                                                                                                   | -                            | 0.03                         |
| b Balances with banks                                                                                            |                              |                              |
| In current accounts                                                                                              | 2,704.04                     | 3,858.72                     |
| Remittances in transit                                                                                           | -                            | 2.06                         |
| Bank deposit accounts with less than 3 months maturity                                                           | 26.91                        | 3.65                         |
|                                                                                                                  | <b>2,730.95</b>              | <b>3,864.43</b>              |
| c Other bank balances:                                                                                           |                              |                              |
| Earmarked balances with banks (Refer note no. 4(ii))                                                             | 1,395.43                     | -                            |
| Unclaimed dividend accounts                                                                                      | 137.66                       | 120.28                       |
| Margin money                                                                                                     | 29.94                        | 33.81                        |
|                                                                                                                  | <b>1,563.03</b>              | <b>154.09</b>                |
| Cash and bank balances                                                                                           | <b>4,293.98</b>              | <b>4,018.55</b>              |
| d Bank balances reclassified as non current assets                                                               |                              |                              |
| Restricted bank balances (Refer note no. 13)                                                                     | (167.60)                     | (154.09)                     |
| <b>Total</b>                                                                                                     | <b>4,126.38</b>              | <b>3,864.46</b>              |
| <b>17 SHORT TERM LOANS AND ADVANCES (UNSECURED)</b>                                                              |                              |                              |
| a Considered good                                                                                                |                              |                              |
| i. Security deposits                                                                                             | 34.70                        | 9.70                         |
| ii. Advance Income Tax (net of provision for tax)                                                                | 21.49                        | 25.67                        |
| iii. Other loans and advances (includes service tax receivable, prepaid expenses, employee travel advances etc.) | 763.79                       | 733.98                       |
|                                                                                                                  | <b>819.98</b>                | <b>769.35</b>                |
| b Considered doubtful                                                                                            |                              |                              |
| Security deposits                                                                                                | 34.56                        | 35.15                        |
| Less : Provision for doubtful deposits                                                                           | 34.56                        | 35.15                        |
|                                                                                                                  | -                            | -                            |
| <b>Total</b>                                                                                                     | <b>819.98</b>                | <b>769.35</b>                |
| <b>18 OTHER CURRENT ASSETS</b>                                                                                   |                              |                              |
| a Interest accrued on deposits                                                                                   | 0.49                         | 1.05                         |
| b Unbilled services                                                                                              | 2,638.51                     | 1,978.38                     |
| c Receivable on account of mark to market gains on derivative contracts (net) (Refer note no. 27)                | 230.62                       | 19.08                        |
| <b>Total</b>                                                                                                     | <b>2,869.62</b>              | <b>1,998.51</b>              |

## Notes forming part of Consolidated Financial Statements

(₹ Million)

| Particulars                                                                                     | For the year ended<br>31st December, 2016 | For the year ended<br>31st December, 2015 |
|-------------------------------------------------------------------------------------------------|-------------------------------------------|-------------------------------------------|
| <b>19 OTHER INCOME</b>                                                                          |                                           |                                           |
| a Dividend from current investments                                                             | 12.44                                     | 45.39                                     |
| b Interest income                                                                               | 5.52                                      | 12.45                                     |
| c Profit on sale of fixed assets (Net)                                                          | 0.84                                      | 1.40                                      |
| d Miscellaneous income                                                                          | 19.61                                     | 30.93                                     |
| <b>Total</b>                                                                                    | <b>38.41</b>                              | <b>90.17</b>                              |
| <b>20 SOFTWARE AND DEVELOPMENT EXPENSES</b>                                                     |                                           |                                           |
| a Consultant travel and related expenses                                                        | 1,572.86                                  | 1,463.74                                  |
| b Software expenses (includes subcontracting charges<br>₹ 4,567.90 Million (₹ 3732.45 Million)) | 4,727.95                                  | 3,862.21                                  |
| <b>Total</b>                                                                                    | <b>6,300.81</b>                           | <b>5,325.95</b>                           |
| <b>21 EMPLOYEE BENEFIT EXPENSES</b>                                                             |                                           |                                           |
| a Salary and allowances                                                                         | 17,169.70                                 | 15,288.03                                 |
| b Contribution to provident and other funds                                                     | 2,063.49                                  | 1,820.08                                  |
| c Staff welfare expenses                                                                        | 471.93                                    | 412.97                                    |
| <b>Total</b>                                                                                    | <b>19,705.12</b>                          | <b>17,521.08</b>                          |
| <b>22 OPERATIONS AND OTHER EXPENSES</b>                                                         |                                           |                                           |
| a Rent (Refer note no 26)                                                                       | 391.58                                    | 272.68                                    |
| b Rates and taxes                                                                               | 40.32                                     | 48.52                                     |
| c Travelling and conveyance expenses                                                            | 828.02                                    | 721.37                                    |
| d Electricity charges                                                                           | 213.71                                    | 195.21                                    |
| e Communication expenses                                                                        | 293.03                                    | 252.89                                    |
| f Repairs and maintenance                                                                       |                                           |                                           |
| Buildings                                                                                       | 50.18                                     | 36.28                                     |
| Plant and machinery                                                                             | 218.38                                    | 172.36                                    |
| Others                                                                                          | 111.57                                    | 111.80                                    |
|                                                                                                 | 380.13                                    | 320.44                                    |
| g Printing and stationery                                                                       | 36.01                                     | 33.12                                     |
| h Auditors remuneration                                                                         |                                           |                                           |
| Audit fees                                                                                      | 24.21                                     | 22.94                                     |
| Tax audit fees                                                                                  | 8.41                                      | 7.62                                      |
| Certification work, Taxation and other matters                                                  | 6.41                                      | 5.74                                      |
|                                                                                                 | 39.03                                     | 36.30                                     |
| i Legal and professional fees                                                                   | 177.53                                    | 156.95                                    |
| j Advertisement and business promotion expenses                                                 | 287.59                                    | 150.63                                    |
| k Bank and other charges                                                                        | 9.95                                      | 9.95                                      |
| l Directors' sitting fees                                                                       | 1.98                                      | 1.57                                      |
| m Insurance charges                                                                             | 52.91                                     | 50.84                                     |
| n Debts and advances written off                                                                | 16.00                                     | 14.81                                     |
| o Provision for doubtful accounts (Net of write back ₹<br>62.32 Million (₹ 16.03 Million))      | (27.55)                                   | 38.32                                     |
| p Staff recruitment expenses                                                                    | 187.69                                    | 159.26                                    |
| q Service charges                                                                               | 222.12                                    | 193.23                                    |
| r Miscellaneous expenses                                                                        | 199.00                                    | 162.80                                    |
| <b>Total</b>                                                                                    | <b>3,349.05</b>                           | <b>2,818.89</b>                           |

## 23 Contingent liability in respect of :

- a) Claims not acknowledged as debt ₹ 28.14 million (Previous Year ₹ 28.14 million), being a claim from landlord of a premise occupied by the Company in an earlier year. The Company is confident of successfully contesting the aforesaid matter and does not expect any outflow on this count.
- b) Claims for taxes on income:  
Income taxes of ₹ 9.59 million (Previous year ₹ 9.74 million) in respect of assessments completed in earlier year, arising from certain disallowances by the Income tax authorities. The Company has appealed against the Orders and based on merits, expects favourable outcome. Hence, no provision is considered necessary.

- 24 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.
- 25 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) ₹ 280.93 million (Previous year ₹ 1,722.76 million ).
- 26 The Group takes on lease offices space and accommodation for its employees under various operating leases. The lease rentals towards operating lease agreements recognised in the Statement of Profit and Loss for the year are ₹ 391.58 million (Previous year ₹ 272.68 million).

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

(₹ Million)

| Particulars                                       | As at<br>31st December, 2016 | As at<br>31st December, 2015 |
|---------------------------------------------------|------------------------------|------------------------------|
| Not Later than one year                           | 335.37                       | 216.69                       |
| Later than one year and not later than five years | 607.31                       | 550.26                       |
| <b>Total</b>                                      | <b>942.68</b>                | <b>766.95</b>                |

## 27 Derivative Instruments

Forward exchange contracts to Sell US Dollar 141.82 million, Euro 4.20 million and GBP 4.20 million are outstanding as of 31st December, 2016 (Previous Year US Dollar 156.94 million ,Euro 5.60 million and GBP 4.20 million)

Fair value net gain on the derivative instruments identified as cash flow hedges is ₹ 358.12 million as at 31st December, 2016 (Previous Year ₹ 20.85 million ).

Net gain of ₹ 322.77 million recognized in Hedging Reserve as at 31st December 2016 is expected to be recycled to Statement of Profit and Loss over two years.

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

| Particulars                                                                 | For the Year ended<br>31st December, 2016 | For the Year ended<br>31st December, 2015 |
|-----------------------------------------------------------------------------|-------------------------------------------|-------------------------------------------|
| Net profit after tax (₹ million)                                            | 4,171.09                                  | 3,932.10                                  |
| Weighted average outstanding equity shares considered for basic EPS (Nos)   | 301,814,066                               | 301,313,790                               |
| Basic Earnings per share (in ₹)                                             | 13.82                                     | 13.05                                     |
| Weighted average outstanding equity shares considered for basic EPS (Nos)   | 301,814,066                               | 301,313,790                               |
| Add : Dilutive impact of employee stock options (Nos)                       | 2,630,374                                 | 2,459,825                                 |
| Weighted average outstanding equity shares considered for diluted EPS (Nos) | 304,444,440                               | 303,773,615                               |
| Diluted Earnings per share: (in ₹)                                          | 13.70                                     | 12.94                                     |

## Notes forming part of Consolidated Financial Statements

### 29 Share Based Compensation (ESOP)

- a) The Remuneration and Compensation Committee ('Committee') of the Company administers the stock options plans viz. ESOP 2002, 2007, 2008 and 2015 plan. Under the plans, the employees of the Company as well as its subsidiaries are granted options / Restricted Stock Options (RSU) entitling them to one equity share of ₹ 2/- each for each option granted. Exercise price is the market price of the shares of the Company at the grant date or the price determined by the Committee. The Options / RSU's vest over a period of 1 to 4 years from the date of grant on the basis of service period and/or performance achievement. The maximum time available to exercise upon vesting is 6 years.
- b) The particulars of number of options granted and lapsed under the aforementioned Schemes are tabulated below

| Particulars                              | ESOP - 2002        |                                  | ESOP - 2007            |                                  | ESOP - 2008              |                                  | ESOP - 2015              |                                  | Total                    |                                  |
|------------------------------------------|--------------------|----------------------------------|------------------------|----------------------------------|--------------------------|----------------------------------|--------------------------|----------------------------------|--------------------------|----------------------------------|
|                                          | Options (nos.)     | Weighted ex. Price per share (₹) | Options (nos.)         | Weighted ex. Price per share (₹) | Options/ RSU's (nos.)    | Weighted ex. Price per share (₹) | RSU's (nos.)             | Weighted ex. Price per share (₹) | Options/ RSU's (nos.)    | Weighted ex. Price per share (₹) |
| Outstanding at the beginning of the year | 23,000<br>(51,000) | 12.45<br>(12.45)                 | 839,575<br>(1,525,500) | 48.69<br>(50.23)                 | 4,124,814<br>(-)         | 2.00<br>(-)                      | 4,857,124<br>(-)         | 2.00<br>(-)                      | 9,844,513<br>(1,576,500) | 6.01<br>(49.01)                  |
| Granted during year                      | -<br>(-)           | -<br>(-)                         | -<br>(-)               | -<br>(-)                         | -<br>(4,217,814)         | -<br>(2.00)                      | 1,048,312<br>(4,974,924) | 2.00<br>(2.00)                   | 1,048,312<br>(9,192,738) | 2.00<br>(2.00)                   |
| Exercised during the year                | 23,000<br>(28,000) | 12.45<br>(12.45)                 | 334,325<br>(611,425)   | 37.55<br>(51.31)                 | 69,843<br>(-)            | 2.00<br>(-)                      | 38,130<br>(-)            | 2.00<br>(-)                      | 465,298<br>(639,425)     | 28.06<br>(49.60)                 |
| Lapsed during the year                   | -<br>(-)           | -<br>(-)                         | 77,500<br>(74,500)     | 18.97<br>(58.74)                 | 422,220<br>(93,000)      | 2.00<br>(2.00)                   | 663,400<br>(117,800)     | 2.00<br>(2.00)                   | 1,163,120<br>(285,300)   | 3.13<br>(16.82)                  |
| Outstanding at the year end              | -<br>(23,000)      | -<br>(12.45)                     | 427,750<br>(839,575)   | 62.79<br>(48.69)                 | 3,632,751<br>(4,124,814) | 2.00<br>(2.00)                   | 5,203,906<br>(4,857,124) | 2.00<br>(2.00)                   | 9,264,407<br>(9,844,513) | 2.00<br>(6.01)                   |
| Exercisable as at the year end           | -<br>(23,000)      | -<br>(12.45)                     | 427,750<br>(839,575)   | 62.79<br>(48.69)                 | 271,836<br>(-)           | 2.00<br>(-)                      | 548,099<br>(-)           | 2.00<br>(-)                      | 1,247,685<br>(862,575)   | 2.00<br>(47.73)                  |

Previous Year figures are given in brackets.

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

| Range of exercise price<br>₹ | As at 31st December, 2016 |      | As at 31st December, 2015 |      |
|------------------------------|---------------------------|------|---------------------------|------|
|                              | Options/ RSU's (Nos)      | Life | Options (Nos)             | Life |
| 2- 12.45                     | 8,836,657                 | 47   | 9,263,738                 | 55   |
| 40.28                        | 57,000                    | 7    | 57,000                    | 19   |
| 59.08 - 79.85                | 370,750                   | 15   | 523,775                   | 27   |
| <b>Total</b>                 | <b>9,264,407</b>          |      | <b>9,844,513</b>          |      |

- d) The Company has followed the Intrinsic Value-based method of accounting for grants made before April 1, 2015. For the grants made after 1st April, 2015, the Company has recognised compensation cost using fair value method. Had the compensation costs for the grants made before 1st April, 2015 been recognised using fair value method, the income would have been higher by NIL (Previous year higher ₹ 7.51 million) and earnings per share (EPS) as reported would be as indicated below:

| Particulars        | Year 2016 | Year 2015 |
|--------------------|-----------|-----------|
| Basic EPS          |           |           |
| As reported (in ₹) | 13.82     | 13.05     |
| Adjusted (in ₹)    | 13.82     | 13.07     |
| Diluted EPS        |           |           |
| As reported (in ₹) | 13.70     | 12.94     |
| Adjusted (in ₹)    | 13.70     | 12.97     |

- e) During the year, the Company granted 1,048,312 RSU's under ESOP 2015 plan with weighted average fair value of ₹ 189.47/- per share. The fair values of the RSU's are determined using Black Scholes Option pricing model using following assumptions:

| Particulars                         | Year 2016    |
|-------------------------------------|--------------|
| Weighted Average share price (in ₹) | 213.63       |
| Dividend Yield (%)                  | 3.73- 4.14   |
| Expected Life (years)               | 1.32-3.85    |
| Risk free interest rate (%)         | 6.41 - 7.42  |
| Volatility (%)                      | 37.03- 39.39 |

The expected volatility is determined based on historical volatility.

### 30 Related party disclosures

#### Names of related parties

Ultimate Holding Company and it's subsidiaries

Baring Private Equity Asia GP V. LP, Cayman Island (Ultimate holding company) (control exists)

The Baring Asia Private Equity Fund V, LP, Cayman Island

Baring Private Equity Asia V Mauritius Holding (4) Limited, Mauritius

#### Holding Company (control exists)

HT Global IT Solutions Holdings Limited, Mauritius

#### Key Management Personnel

Mr. R. Srikrishna - Executive Director and CEO

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

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

| Particulars                                       | Remuneration (₹ Million) |            |
|---------------------------------------------------|--------------------------|------------|
|                                                   | Year - 2016              | Year -2015 |
| Mr. R Srikrishna ( including share based payment) | 123.10                   | 135.82     |
| Mr. Rajiv Pant                                    | -                        | 36.29      |
| Mr. Amrinder Singh                                | 26.21                    | 29.97      |
|                                                   | <b>Closing Balances</b>  |            |
| Payable to KMP (₹ Million)                        | 35.39                    | 36.35      |
| Options / RSU's granted to KMP (Nos.)             | 845,830                  | 607,238    |

### 31 Employee benefit plans

#### i) Provident Fund, Superannuation Fund and other similar funds.

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

The interest rate payable by the Trust to the beneficiaries every year is being notified by the Government. The Company has an obligation to make good the short fall, if any, between the return from the investments of the trust and the notified interest rate. The actuary has accordingly provided a valuation and based on the fund position and assumptions mentioned below, there is no shortfall as at 31st December 2016

## Notes forming part of Consolidated Financial Statements

| Particulars                                     | As at<br>31st December, 2016 | As at<br>31st December, 2015 |
|-------------------------------------------------|------------------------------|------------------------------|
| Present value of benefit obligation (₹ Million) | 2,529.28                     | 2,178.84                     |
| Fair value of plan assets (₹ Million)           | 2,529.28                     | 2,178.84                     |
| Expected Investment return                      | 8.68%                        | 8.91%                        |
| Remaining term of maturities of plan assets     | 6.97 years                   | 7.41 years                   |
| Expected guaranteed interest rates              | 8.65%                        | 8.75%                        |

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

During the year, the Company has recognized expenses towards contributions to provident fund and other funds and superannuation funds of ₹ 280.85 million (Previous year ₹ 261.42 million) and ₹ 5.04 million (Previous year ₹ 6.03 million) respectively.

- b) The Company contributed ₹ 665.99 million (Previous year ₹ 554.98 million) towards various other defined contributions plans of subsidiaries located outside India during the year ended 31st December, 2016 as per laws of the respective country.

### 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 lumpsum payment to vested employees at retirement, death while in employment or on termination of employment based on completed years of service or part thereof in excess of six months. Vesting occurs on completion of five years of service.

The following table sets out the status of the gratuity plan for the year ended 31st December, 2016:

(₹ Million)

| Particulars                                        | Year 2016     | Year 2015     |
|----------------------------------------------------|---------------|---------------|
| <b>Change in Defined Benefit Obligation</b>        |               |               |
| <b>Opening defined benefit obligation</b>          | <b>544.30</b> | <b>468.10</b> |
| Current service cost                               | 107.73        | 91.14         |
| Interest cost                                      | 50.71         | 44.30         |
| Actuarial losses / (gains)                         | 5.18          | (21.26)       |
| Benefits paid                                      | (60.37)       | (37.98)       |
| <b>Closing defined benefit obligation</b>          | <b>647.55</b> | <b>544.30</b> |
| <b>Change in the Fair Value of Assets</b>          |               |               |
| <b>Opening fair value of plan assets</b>           | <b>415.27</b> | <b>319.35</b> |
| Expected return on plan assets                     | 34.87         | 27.11         |
| Actuarial (losses) / gains                         | (2.74)        | 0.31          |
| Contribution by employer                           | 53.86         | 106.48        |
| Benefits paid                                      | (60.37)       | (37.98)       |
| <b>Closing fair value of plan assets</b>           | <b>440.89</b> | <b>415.27</b> |
| <b>Net liability as per actuarial valuation</b>    | <b>206.66</b> | <b>129.03</b> |
| <b>Expense for the year</b>                        |               |               |
| Current service cost                               | 107.73        | 91.14         |
| Interest on defined benefit obligation             | 50.71         | 44.30         |
| Expected return on plan assets                     | (34.87)       | (27.11)       |
| Actuarial losses / (gains)                         | 7.92          | (21.57)       |
| <b>Total Included in Employment expenses</b>       | <b>131.49</b> | <b>86.76</b>  |
| <b>Actual return on plan assets</b>                | <b>32.13</b>  | <b>27.42</b>  |
| <b>Category of assets - Insurer Managed Fund #</b> | <b>440.89</b> | <b>415.27</b> |

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

The Company is expected to contribute ₹ 100.00 million to gratuity funds for the year ending 31st December, 2017 (₹ 77.00 million for year ended 31st December 2016).

| Financial assumptions at the valuation date                    | Year 2016 | Year 2015 |
|----------------------------------------------------------------|-----------|-----------|
| Discount rate                                                  | 6.70%     | 8.00%     |
| Rate of increase in compensation levels of covered employees * | 6% to 10% | 6% to 10% |
| Expected Rate of Return on Plan assets **                      | 8.00%     | 8.00%     |

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

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

₹ Million

| Other details                             | 31-Dec-16 | 31-Dec-15 | 31-Dec-14 | 31-Dec-13 | 31-Dec-12 |
|-------------------------------------------|-----------|-----------|-----------|-----------|-----------|
| Defined Benefit Obligation                | 647.55    | 544.30    | 468.10    | 363.33    | 344.26    |
| Plan Assets                               | 440.89    | 415.27    | 319.35    | 283.06    | 201.41    |
| Surplus / (Deficit)                       | (206.66)  | (129.03)  | (148.75)  | (83.30)   | (142.85)  |
| Experience Adjustment on Plan Liabilities | (83.37)   | (43.21)   | (33.10)   | (35.11)   | (18.49)   |
| Experience Adjustment on Plan Assets      | (2.74)    | 0.31      | 1.90      | 3.85      | 1.67      |

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

(₹ Million)

| Particulars                            | 2016    | 2015    |
|----------------------------------------|---------|---------|
| Provision at the beginning of the year | 89.78   | 92.30   |
| Provision made during the year         | 140.02  | 85.62   |
| Paid /Adjusted during the year         | (57.87) | (88.14) |
| Provision at the end of the year       | 171.93  | 89.78   |

### 33 Segments

#### Primary Segment : Business Segments

(₹ Million)

| Particulars                  | Travel and Transportation | Banking and Financial Services | Insurance and Healthcare | Manufacturing, Consumer and Others | Total       |
|------------------------------|---------------------------|--------------------------------|--------------------------|------------------------------------|-------------|
| Segment Revenue              | 5,064.84                  | 14,413.78                      | 5,920.47                 | 9,949.90                           | 35,348.99   |
|                              | (5,240.08)                | (11,660.84)                    | (5,095.93)               | (9,238.38)                         | (31,235.23) |
| Segment Results              | 865.56                    | 1,627.93                       | 1,272.51                 | 1,981.27                           | 5,747.27    |
|                              | (974.74)                  | (1,421.55)                     | (1,076.93)               | (1,884.99)                         | (5,358.21)  |
| Less: Unallocable expenses   |                           |                                |                          |                                    | 202.50      |
|                              |                           |                                |                          |                                    | (401.07)    |
| Add: Other Income            |                           |                                |                          |                                    | 38.41       |
|                              |                           |                                |                          |                                    | (90.17)     |
| Less: Interest               |                           |                                |                          |                                    | 1.41        |
|                              |                           |                                |                          |                                    | (1.19)      |
| Profit before tax            |                           |                                |                          |                                    | 5,581.77    |
|                              |                           |                                |                          |                                    | (5,046.12)  |
| Less: Provision for taxation |                           |                                |                          |                                    | 1,410.68    |
|                              |                           |                                |                          |                                    | (1,114.02)  |
| Profit after tax             |                           |                                |                          |                                    | 4,171.09    |
|                              |                           |                                |                          |                                    | (3,932.10)  |

## Notes forming part of Consolidated Financial Statements

### Secondary Segment - Geographic Segment

(₹ Million)

| Particulars                                                    | North America            | Europe                 | India                  | Rest of the World      | Total                    |
|----------------------------------------------------------------|--------------------------|------------------------|------------------------|------------------------|--------------------------|
| Revenue attributable to location of customers                  | 29,290.24<br>(25,416.85) | 4,071.58<br>(3,994.20) | 762.40<br>(571.07)     | 1,224.77<br>(1,253.11) | 35,348.99<br>(31,235.23) |
| Segment assets based on their locations                        | 6,795.60<br>(6,665.38)   | 1,394.78<br>(1,275.47) | 9,735.67<br>(8,076.17) | 243.46<br>(363.50)     | 18,169.51<br>(16,380.52) |
| Additions to fixed assets (including capital work in progress) | 108.58<br>(148.87)       | 33.33<br>(3.53)        | 2,415.97<br>(1,126.74) | 1.54<br>(123.29)       | 2,559.42<br>(1,402.43)   |
| Goodwill                                                       | 1,606.07<br>(1,564.26)   | 155.11<br>(151.08)     | -<br>(-)               | -<br>(-)               | 1,761.18<br>(1,715.34)   |

#### Notes:

- The Company has identified business segment as the primary segment. Business segments have been identified taking into account the services offered to customers globally operating in different industry segments, differing risks and returns, the organizational and the internal reporting systems.
  - Revenues and expenses directly attributable to segments are reported under each reportable business segment. Common expenses which are not directly identifiable to each reporting segment have been allocated to each reporting segment on the basis of associated revenues of the segment. All other expenses which are not attributable or allocable to segments have been disclosed as unallocable expenses.
  - Assets and liabilities contracted have not been identified to any of the reportable business segments as the assets are used interchangeably between segments and it is not practicable to reasonably allocate the liabilities to individual segments. Accordingly, no disclosure relating to segment assets and segment liabilities are made.
  - Previous year figures are given in brackets.
- 34** Previous years figures have been regrouped / reclassified wherever necessary to correspond with the current years classification / disclosure.

#### For and on behalf of the Board of Directors

**Atul K. Nishar**  
(Chairman)

**Dileep Choksi**  
(Director)

**Meera Shankar**  
(Director)

**Rajesh Kanani**  
(Chief Financial Officer)

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

**Bharat Shah**  
(Director)

**Basab Pradhan**  
(Director)

**Gunjan Methi**  
(Company Secretary)

**Jimmy Mahtani**  
(Vice Chairman)

**P. R. Chandrasekar**  
(Director)

**Christian Oecking**  
(Director)

Place : Mumbai  
Date : 7th February, 2017

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF HEXAWARE TECHNOLOGIES LIMITED

#### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of HEXAWARE TECHNOLOGIES LIMITED ("the Company"), which comprise the Balance Sheet as at 31st December, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act, as applicable.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under section 143 (11) of the Act.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st December, 2016, its profit and its cash flows for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

- d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under section 133 of the Act, as applicable.
- e) On the basis of the written representations received from the directors as on 31st December, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st December, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 22 to the financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)

**Abhijit A. Damle**

Partner

(Membership No. 102912)

MUMBAI, 7th February, 2017

## ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

### Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Hexaware Technologies Limited ("the Company") as of 31st December, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over

Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st December, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)

**Abhijit A. Damle**

Partner

(Membership No. 102912)

MUMBAI, 7th February, 2017

## ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

**Re: Hexaware Technologies Limited**

**(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered conveyance deed provided to us, we report that, the title deed of land which is freehold, is held in the name of the Company as at the balance sheet date. In respect of immovable properties of land and buildings that have been taken on lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement, except as disclosed in note 8(a) to the financial statements.
- (ii) The Company does not have any inventory and hence reporting under clause (ii) of the CARO 2016 is not applicable.
- (iii) The Company has not granted loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) The Company has not granted loans, made investments or provided guarantees and securities to which sections 185 and 186 of the Companies Act, 2013 are applicable and hence reporting under clause (iv) of the CARO 2016 is not applicable.
- (v) The Company has not accepted deposits from the public and therefore, reporting under clause (v) of the CARO 2016 is not applicable.
- (vi) Reporting under clause (vi) of the CARO 2016 is not applicable as the Company's business activities are not covered by the Companies (Cost Records and Audit) Rules, 2014.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
  - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.
  - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues, as applicable, in arrears as at 31st December, 2016 for a period of more than six months from the date they became payable.
  - (c) Details of dues of Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, and Value Added Tax, as applicable, which have not been deposited as on 31st December, 2016 on account of disputes are given below:

| Name of Statute      | Nature of Dues | Amount<br>(₹ in Million) | Period to which the<br>Amount Relates | Forum where<br>dispute is pending    |
|----------------------|----------------|--------------------------|---------------------------------------|--------------------------------------|
| Income Tax Act, 1961 | Income Tax     | 1.10                     | Assessment year 2009-10               | Assessing officer                    |
| Income Tax Act, 1961 | Income Tax     | 3.99                     | Assessment year 2010-11               | Commissioner of Income tax (Appeals) |
| Income Tax Act, 1961 | Income Tax     | 2.76                     | Assessment year 2011-12               | Assessing officer                    |
| Income Tax Act, 1961 | Income Tax     | 0.40                     | Assessment year 2012-13               | Commissioner of Income tax (Appeals) |

- (viii) The Company has not taken loans or borrowings from financial institutions, banks and government or has not issued debentures. Hence reporting under clause (viii) of CARO 2016 is not applicable to the Company.

- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary or associate company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

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

MUMBAI, 7th February, 2017

## BALANCE SHEET as at 31st December, 2016

(₹ Million)

| Particulars                                            | Note No. | As at<br>31st December, 2016 | As at<br>31st December, 2015 |
|--------------------------------------------------------|----------|------------------------------|------------------------------|
| <b>I. EQUITY AND LIABILITIES</b>                       |          |                              |                              |
| <b>Share holders' funds</b>                            |          |                              |                              |
| a. Share capital                                       | 2        | 604.06                       | 603.13                       |
| b. Reserves and surplus                                | 3        | 12,624.16                    | 10,496.39                    |
|                                                        |          | <b>13,228.22</b>             | <b>11,099.52</b>             |
| <b>Non-current liabilities</b>                         |          |                              |                              |
| a. Deferred tax liabilities (net)                      | 4        | 29.14                        | 91.95                        |
| b. Other long-term liabilities                         | 5        | 13.32                        | 7.29                         |
| c. Long-term provisions - Employee benefits            |          | 427.04                       | 315.27                       |
|                                                        |          | <b>469.50</b>                | <b>414.51</b>                |
| <b>Current liabilities</b>                             |          |                              |                              |
| a. Trade payables                                      |          |                              |                              |
| i. Dues of micro and small enterprises                 |          | 2.48                         | -                            |
| ii. Others                                             |          | 1,233.91                     | 1,352.18                     |
| b. Other current liabilities                           | 6        | 1,135.58                     | 1,168.33                     |
| c. Short-term provisions                               | 7        | 566.72                       | 952.62                       |
|                                                        |          | <b>2,938.69</b>              | <b>3,473.13</b>              |
| <b>Total</b>                                           |          | <b>16,636.41</b>             | <b>14,987.16</b>             |
| <b>II. ASSETS</b>                                      |          |                              |                              |
| <b>Non-current assets</b>                              |          |                              |                              |
| a. Fixed assets                                        | 8        |                              |                              |
| i. Tangible assets                                     |          | 2,845.15                     | 2,905.74                     |
| ii. Intangible assets                                  |          | 100.86                       | 104.66                       |
| iii. Capital work-in-progress                          |          | 2,165.56                     | 1,105.43                     |
|                                                        |          | 5,111.57                     | 4,115.83                     |
| b. Non-current investments                             | 9        | 2,090.92                     | 2,017.27                     |
| c. Long-term loans and advances                        | 10       | 2,695.52                     | 2,020.04                     |
| d. Other non-current assets                            | 11       | 273.51                       | 132.78                       |
|                                                        |          | <b>10,171.52</b>             | <b>8,285.92</b>              |
| <b>Current assets</b>                                  |          |                              |                              |
| a. Current investments                                 | 12       | 188.50                       | 409.33                       |
| b. Trade receivables                                   | 13       | 2,733.56                     | 3,970.97                     |
| c. Cash and cash equivalents                           | 14       | 2,065.54                     | 1,099.64                     |
| d. Short-term loans and advances                       | 15       | 750.41                       | 849.51                       |
| e. Other current assets                                | 16       | 726.88                       | 371.79                       |
|                                                        |          | <b>6,464.89</b>              | <b>6,701.24</b>              |
| <b>Total</b>                                           |          | <b>16,636.41</b>             | <b>14,987.16</b>             |
| <b>III. NOTES FORMING PART OF FINANCIAL STATEMENTS</b> | 1 to 38  |                              |                              |

In terms of our report attached  
**For Deloitte Haskins & Sells LLP**  
 Chartered Accountants

**For and on behalf of the Board of Directors**

**Abhijit A. Damle**  
 (Partner)

**Atul K. Nishar**  
 (Chairman)

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

**Jimmy Mahtani**  
 (Vice Chairman)

**Dileep Choksi**  
 (Director)

**Bharat Shah**  
 (Director)

**P. R. Chandrasekar**  
 (Director)

**Meera Shankar**  
 (Director)

**Basab Pradhan**  
 (Director)

**Christian Oecking**  
 (Director)

Place : Mumbai  
 Date : 7th February, 2017

**Rajesh Kanani**  
 (Chief Financial Officer)

**Gunjan Methi**  
 (Company Secretary)

## STATEMENT OF PROFIT AND LOSS for the year ended 31st December, 2016

(₹ Million)

| Particulars                                            | Note No. | For the year ended<br>31st December, 2016 | For the year ended<br>31st December, 2015 |
|--------------------------------------------------------|----------|-------------------------------------------|-------------------------------------------|
| <b>I. INCOME</b>                                       |          |                                           |                                           |
| a. Revenue from operations                             |          | 13,930.41                                 | 12,935.97                                 |
| b. Other income                                        | 17       | 94.36                                     | 103.36                                    |
|                                                        |          | <b>14,024.77</b>                          | <b>13,039.33</b>                          |
| <b>II. EXPENSES</b>                                    |          |                                           |                                           |
| a. Software and development expenses                   | 18       | 447.47                                    | 491.77                                    |
| b. Employee benefits expenses                          | 19       | 6,945.46                                  | 6,344.66                                  |
| c. Operations and other expenses                       | 20       | 1,738.69                                  | 1,576.12                                  |
| d. Employee stock option compensation cost             |          | 246.74                                    | 211.10                                    |
| e. Exchange rate difference (net)                      |          | (284.64)                                  | (73.53)                                   |
| f. Interest - others                                   |          | 1.01                                      | 0.29                                      |
| g. Depreciation and amortisation expense               | 8        | 425.87                                    | 408.36                                    |
|                                                        |          | <b>9,520.60</b>                           | <b>8,958.77</b>                           |
| <b>Profit before tax</b>                               |          | <b>4,504.17</b>                           | <b>4,080.56</b>                           |
| <b>Tax expense</b>                                     |          |                                           |                                           |
| a. Income tax-current                                  |          | 1,047.11                                  | 857.45                                    |
| b. Less : MAT credit entitlement                       |          | (40.86)                                   | (79.87)                                   |
| Net current tax expense                                |          | 1,006.25                                  | 777.58                                    |
| c. Income Tax - Deferred                               |          | (62.81)                                   | (26.73)                                   |
|                                                        |          | <b>943.44</b>                             | <b>750.85</b>                             |
| <b>Profit for the year</b>                             |          | <b>3,560.73</b>                           | <b>3,329.71</b>                           |
| <b>Earnings per share (in Rupees)</b>                  | 23       |                                           |                                           |
| Basic                                                  |          | <b>11.80</b>                              | <b>11.05</b>                              |
| Diluted                                                |          | <b>11.70</b>                              | <b>10.96</b>                              |
| <b>Face value of equity share (in Rupees)</b>          |          | <b>2.00</b>                               | <b>2.00</b>                               |
| <b>III. NOTES FORMING PART OF FINANCIAL STATEMENTS</b> | 1 to 38  |                                           |                                           |

In terms of our report attached  
**For Deloitte Haskins & Sells LLP**  
Chartered Accountants

**Abhijit A. Damle**  
(Partner)

**Atul K. Nishar**  
(Chairman)

**Dileep Choksi**  
(Director)

**Meera Shankar**  
(Director)

**Rajesh Kanani**  
(Chief Financial Officer)

**For and on behalf of the Board of Directors**

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

**Bharat Shah**  
(Director)

**Basab Pradhan**  
(Director)

**Gunjan Methi**  
(Company Secretary)

**Jimmy Mahtani**  
(Vice Chairman)

**P. R. Chandrasekar**  
(Director)

**Christian Oecking**  
(Director)

Place : Mumbai  
Date : 7th February, 2017

## CASH FLOW STATEMENT for the year ended 31st December, 2016

(₹ Million)

| Particulars                                                                                                                              | For the Year ended<br>31st December, 2016 | For the Year ended<br>31st December, 2015 |
|------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|-------------------------------------------|
| <b>A Cash flow from operating activities</b>                                                                                             |                                           |                                           |
| Net Profit before tax                                                                                                                    | 4,504.17                                  | 4,080.56                                  |
| <b>Adjustments for :</b>                                                                                                                 |                                           |                                           |
| Depreciation and amortisation expense                                                                                                    | 425.87                                    | 408.36                                    |
| Employee stock option compensation cost                                                                                                  | 246.74                                    | 211.10                                    |
| Dividend from current investments                                                                                                        | (12.44)                                   | (45.39)                                   |
| Interest income                                                                                                                          | (64.00)                                   | (33.72)                                   |
| Provision for doubtful accounts (net of write back)                                                                                      | (38.51)                                   | 44.53                                     |
| Debts and advances written off                                                                                                           | 15.18                                     | 7.90                                      |
| Deferred settlement loss relating to roll-over cash flow hedges                                                                          | -                                         | 184.36                                    |
| (Profit) on sale of fixed assets (net)                                                                                                   | (1.55)                                    | (1.40)                                    |
| Interest - others                                                                                                                        | 1.01                                      | 0.29                                      |
| Exchange rate difference (net) - unrealised                                                                                              | (6.75)                                    | 6.78                                      |
| <b>Operating Profit before working capital changes</b>                                                                                   | <b>5,069.72</b>                           | <b>4,863.37</b>                           |
| <b>Adjustments for :</b>                                                                                                                 |                                           |                                           |
| Trade and other receivables                                                                                                              | 1,152.54                                  | (871.13)                                  |
| Trade and other payables                                                                                                                 | 109.36                                    | (244.84)                                  |
| <b>Cash generated from operations</b>                                                                                                    | <b>6,331.62</b>                           | <b>3,747.40</b>                           |
| Direct taxes paid (net)                                                                                                                  | (993.28)                                  | (871.39)                                  |
| <b>Net cash from operating activities</b>                                                                                                | <b>5,338.34</b>                           | <b>2,876.01</b>                           |
| <b>B Cash flow from investing activities</b>                                                                                             |                                           |                                           |
| Purchase of fixed assets                                                                                                                 | (1,276.29)                                | (1,001.19)                                |
| Investments in subsidiaries (including share application money)                                                                          | (81.68)                                   | (81.67)                                   |
| Purchase of current investments                                                                                                          | (7,162.44)                                | (9,406.24)                                |
| Loan to a subsidiary                                                                                                                     | (774.05)                                  | (154.50)                                  |
| Interest received                                                                                                                        | 11.24                                     | 15.22                                     |
| Proceeds from sale / redemption of current investments                                                                                   | 7,383.27                                  | 10,847.87                                 |
| Dividend from current investments                                                                                                        | 12.44                                     | 45.39                                     |
| Proceeds from sale of fixed assets                                                                                                       | 2.13                                      | 2.84                                      |
| <b>Net cash (used in) / from investing activities</b>                                                                                    | <b>(1,885.38)</b>                         | <b>267.72</b>                             |
| <b>C Cash flow from financing activities</b>                                                                                             |                                           |                                           |
| Proceeds from issue of shares (net)                                                                                                      | 13.06                                     | 31.27                                     |
| Interest paid                                                                                                                            | (1.01)                                    | (0.29)                                    |
| Dividend paid (including corporate dividend tax)                                                                                         | (2,505.86)                                | (3,172.17)                                |
| <b>Net cash (used in) financing activities</b>                                                                                           | <b>(2,493.81)</b>                         | <b>(3,141.19)</b>                         |
| <b>Net Increase in cash and cash equivalents</b>                                                                                         | <b>959.15</b>                             | <b>2.54</b>                               |
| <b>Cash and cash equivalents at the beginning of the year</b>                                                                            | <b>1,105.57</b>                           | <b>1,103.03</b>                           |
| <b>Cash and cash equivalents at the end of the year (Refer Note 1 below)</b>                                                             | <b>2,064.72</b>                           | <b>1,105.57</b>                           |
| <b>Notes:</b>                                                                                                                            |                                           |                                           |
| 1. Components of cash and cash equivalents comprise the following :<br>(Refer Note no. 14 of notes forming part of financial statements) |                                           |                                           |
| Cash and Bank Balances                                                                                                                   | 2,210.61                                  | 1,230.14                                  |
| Less : Restricted bank balances                                                                                                          | (145.07)                                  | (130.50)                                  |
| <b>Cash and Cash equivalents</b>                                                                                                         | <b>2,065.54</b>                           | <b>1,099.64</b>                           |
| Add: Unrealised (Gain) / Loss on foreign currency cash and cash equivalents                                                              | (0.82)                                    | 5.93                                      |
| <b>Total Cash and Cash equivalents</b>                                                                                                   | <b>2,064.72</b>                           | <b>1,105.57</b>                           |
| 2. Previous year's figures have been regrouped wherever necessary.                                                                       |                                           |                                           |

In terms of our report attached

**For Deloitte Haskins & Sells LLP**

Chartered Accountants

**For and on behalf of the Board of Directors**
**Abhijit A. Damle**  
 (Partner)

**Atul K. Nishar**  
 (Chairman)

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

**Jimmy Mahtani**  
 (Vice Chairman)

**Dileep Choksi**  
 (Director)

**Bharat Shah**  
 (Director)

**P. R. Chandrasekar**  
 (Director)

**Meera Shankar**  
 (Director)

**Basab Pradhan**  
 (Director)

**Christian Oecking**  
 (Director)

 Place : Mumbai  
 Date : 7th February, 2017

**Rajesh Kanani**  
 (Chief Financial Officer)

**Gunjan Methi**  
 (Company Secretary)

## Notes forming part of Financial Statements

### 1A Background

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

### B Significant Accounting Policies

#### i) Basis of Preparation of Financial Statements

These financial statements are prepared in accordance with generally accepted accounting principles applicable in India under the historical cost convention except for certain financial instruments which are measured at fair value. These financial statements comply in all material aspects with the applicable provisions of the Companies Act, 2013 (the "Act").

#### ii) Use of Estimates

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

#### iii) Revenue Recognition

Revenues from software solutions and consulting services are recognized on specified terms of contract. In case of contract on time and material basis revenue is recognised when the related services are performed and in case of fixed price contracts revenue is recognized using percentage of completion method of accounting. The cumulative impact of any revision in estimates of the percentage of work completed is reflected in the year in which

the change becomes known. Provisions for estimated losses on such engagements are made during the year in which a loss becomes probable and can be reasonably estimated. Amount received or billed in advance of services performed are recorded as unearned revenue. Unbilled services included in other current assets represents amount recognized based on services performed in advance of billing in accordance with contract terms. Revenue is reported net of discount / incentive.

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

Dividend income is recognised when right to receive is established.

Interest Income is recognised on time proportion basis.

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

#### iv) Fixed Assets

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

#### v) Depreciation and Amortisation

Depreciation and amortisation on fixed assets is provided on straight-line method based on the estimated useful lives of the assets as determined by the management based on the expert technical advice/stipulations of schedule II to the Act.

| Asset Class                                           | Estimated Useful Life |
|-------------------------------------------------------|-----------------------|
| Building                                              | 60 years              |
| Computer Systems (included in Plant and Machinery)    | 3 years               |
| Office Equipment                                      | 5 years               |
| Electrical Fittings (included in Plant and Machinery) | 8 years               |
| Furniture and Fixtures                                | 8 years               |
| Vehicles                                              | 4 years               |
| Leasehold Land                                        | Over the lease period |
| Improvements to Leased Premises                       | Over the lease period |
| Software                                              | 3 years               |

## Notes forming part of Financial Statements

### vi) Investments

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

### vii) Foreign Currency Transaction / Translation

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

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

#### Foreign Branches

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

### viii) Derivative instruments and hedge accounting

The Company enters into foreign currency forward contracts and currency options contracts to hedge its risks associated with foreign currency fluctuations relating to highly probable forecast transactions. The Company designates these instruments as cash flow hedges applying the recognition and measurement principles set out in the

Accounting Standard (AS) 30 "Financial Instruments: Recognition and Measurement". These instruments are initially measured at fair value and are re-measured at subsequent reporting dates. Accordingly, the Company records the cumulative gain or loss on effective cash flow hedges in the Hedging Reserve account until the forecasted transaction materializes. Gain or loss on ineffective cash flow hedges is recognized in the Statement of Profit and Loss. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in hedging reserve is transferred to the Statement of Profit and Loss.

### ix) Employee Benefits

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

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

#### ii. Short term employee benefits:

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

**x) Borrowing costs**

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

**xi) Leases****i. Finance Lease**

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

**ii. Operating Leases**

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

**xii) Taxes on Income**

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

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

Minimum Alternate Tax (MAT) credit entitlement is recognized in accordance with the Guidance Note on "Accounting for credit available in respect of Minimum Alternate Tax under the Income Tax Act, 1961" issued by The Institute of Chartered Accountants of India (ICAI). MAT

credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will be able to adjust against the normal income tax during the specified period. At each balance sheet date, the Company reassesses MAT credit assets and adjusts the same, where required.

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

**xiii) Impairment of assets**

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

**xiv) Share based compensation**

The compensation cost of stock options / Restricted Stock Units (RSU) granted to employees of the Company and its subsidiaries is measured using intrinsic value method for the grants made before 1st April, 2015 and for the subsequent grants the same is measured using fair value method being the recommended method of valuation by the Guidance note on Accounting for Employee Share Based Payments issued by the Institute of Chartered Accountants of India. The Compensation cost is amortised over the vesting period of the options.

**xv) Provisions, Contingent Liabilities and Contingent assets**

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

**xvi) Cash and Cash Equivalents**

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

## Notes forming part of Financial Statements

### 2. SHARE CAPITAL

(₹ Million)

| Particulars                                                                                                                                                                                                                  | As at<br>31st December, 2016 |                     | As at<br>31st December, 2015 |                     |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|---------------------|------------------------------|---------------------|
| <b>a. Authorised</b>                                                                                                                                                                                                         |                              |                     |                              |                     |
| 475,000,000 Equity shares of ₹ 2/- each                                                                                                                                                                                      |                              | 950.00              |                              | 950.00              |
| 1,100,000 Series "A" Preference shares of ₹ 1,421/- each<br>(Authorised Preference share capital can be either cumulative or non cumulative with a power to the Company to convert the same into equity shares at any time.) |                              | 1,563.10            |                              | 1,563.10            |
| <b>Total</b>                                                                                                                                                                                                                 |                              | <b>2,513.10</b>     |                              | <b>2,513.10</b>     |
| <b>b. Issued, subscribed and paid-up capital</b>                                                                                                                                                                             |                              |                     |                              |                     |
| Equity Shares of ₹ 2/- each fully paid                                                                                                                                                                                       |                              | 604.06              |                              | 603.13              |
| <b>Total</b>                                                                                                                                                                                                                 |                              | <b>604.06</b>       |                              | <b>603.13</b>       |
| <b>c. Reconciliation of number of shares</b>                                                                                                                                                                                 |                              |                     |                              |                     |
| <b>Particulars</b>                                                                                                                                                                                                           | <b>Numbers</b>               | <b>Amount</b>       | <b>Numbers</b>               | <b>Amount</b>       |
| Shares outstanding at the beginning of the year                                                                                                                                                                              | 301,562,897                  | 603.13              | 300,923,472                  | 601.85              |
| Shares issued during the year                                                                                                                                                                                                | 465,298                      | 0.93                | 639,425                      | 1.28                |
| Shares outstanding at the end of the year                                                                                                                                                                                    | 302,028,195                  | 604.06              | 301,562,897                  | 603.13              |
| <b>d. Details of shares held by shareholders holding more than 5% shares</b>                                                                                                                                                 |                              |                     |                              |                     |
| <b>Name of Shareholder</b>                                                                                                                                                                                                   | <b>No. of Shares held</b>    | <b>% of holding</b> | <b>No. of Shares held</b>    | <b>% of holding</b> |
| HT Global IT Solutions Holdings Ltd. (Holding company)                                                                                                                                                                       | 215,047,193                  | 71.20               | 215,047,193                  | 71.31               |

**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 liabilities, in proportion to their shareholding.

**g. Shares reserved for issue under options**

The Company has granted employee stock options under ESOP 2002, 2007 and 2008 schemes and restricted stock units (RSUs) under the ESOP 2008 and 2015 scheme. Each option / RSU entitles the holder to one equity share of ₹ 2 each. 9,264,407 (9,844,513) options / RSUs were outstanding as on 31st December, 2016. (Refer Note no. 26)

**h. The Board of Directors, at its meeting held on 7th February, 2017 has declared 50% of interim dividend of Re. 1/- per equity share. Further during the year, the Company has also paid interim dividends aggregating ₹ 4.50/- per share (225%).**

**i. The Board of Directors, at its meeting held on 25th October, 2016, approved a buyback proposal to which shareholders accorded their consent on 22nd December 2016, for purchase by the Company of upto 5,694,835 shares of ₹ 2 each (representing 1.9% of total issued equity shares) from the shareholders of the Company on a proportionate basis by way of a tender offer route at a price of ₹ 240 per equity share for an aggregate amount not exceeding ₹ 1,366.76 Million in accordance with the provisions of the Companies Act, 2013 and SEBI (Buy Back of Securities) Regulations, 1998. The Buyback offer opens on 2nd February, 2017 and closes on 15th February, 2017.**

**3. RESERVES AND SURPLUS**

(₹ Million)

| Particulars                                                                                                                                                    | As at<br>31st December, 2016 | As at<br>31st December, 2015 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|------------------------------|
| <b>a. Securities premium account</b>                                                                                                                           |                              |                              |
| Opening balance                                                                                                                                                | 4,772.37                     | 4,741.93                     |
| Add : Received during the year                                                                                                                                 | 12.13                        | 30.44                        |
| Add : Transfer from employee stock option outstanding                                                                                                          | 24.23                        | -                            |
| <b>Closing balance</b>                                                                                                                                         | <b>4,808.73</b>              | <b>4,772.37</b>              |
| <b>b. Employee stock options outstanding</b>                                                                                                                   |                              |                              |
| Opening balance                                                                                                                                                | 232.66                       | -                            |
| Add : Employee stock option compensation cost<br>(includes ₹ Nil (₹ 21.56 million) transferred from other payable for expenses, being accrual in earlier year) | 246.74                       | 232.66                       |
| Less : Transfer to Securities premium account on exercise of stock options                                                                                     | 24.23                        | -                            |
| <b>Closing balance</b>                                                                                                                                         | <b>455.17</b>                | <b>232.66</b>                |
| <b>c. General reserve</b>                                                                                                                                      | <b>2,135.75</b>              | <b>2,135.75</b>              |
| <b>d. Hedging reserve</b>                                                                                                                                      |                              |                              |
| Opening balance                                                                                                                                                | 15.96                        | (253.01)                     |
| Add : (Profit) / Losses transferred to Statement of Profit and Loss on occurrence of forecasted hedge transactions (net)                                       | (147.35)                     | 109.97                       |
| Add : Changes in the fair value of the effective portion of outstanding cash flow hedges                                                                       | 454.16                       | 159.00                       |
| <b>Closing balance</b>                                                                                                                                         | <b>322.77</b>                | <b>15.96</b>                 |
| <b>e. Amalgamation reserve</b>                                                                                                                                 | <b>2.88</b>                  | <b>2.88</b>                  |
| <b>f. Special Economic Zone Re-investment reserve</b>                                                                                                          |                              |                              |
| Opening balance                                                                                                                                                | 329.52                       | 281.39                       |
| Add : Transfer from Balance in Statement of Profit and Loss                                                                                                    | 177.73                       | 172.75                       |
| Less : Transfer to Statement of Profit and Loss on utilisation for acquisition of plant and machinery                                                          | 174.30                       | 124.62                       |
| <b>Closing balance</b>                                                                                                                                         | <b>332.95</b>                | <b>329.52</b>                |
| <b>g. Balance in Statement of Profit and Loss</b>                                                                                                              |                              |                              |
| Opening balance                                                                                                                                                | 3,007.25                     | 2,862.59                     |
| Add : Transfer from Special Economic Zone Re-investment reserve                                                                                                | 174.30                       | 124.62                       |
| Add : Profit for the year                                                                                                                                      | 3,560.73                     | 3,329.71                     |
|                                                                                                                                                                | <b>6,742.28</b>              | <b>6,316.92</b>              |
| Less : <b>Appropriations</b>                                                                                                                                   |                              |                              |
| Transfer to Special Economic Zone Re-investment reserve                                                                                                        | 177.73                       | 172.75                       |
| Interim dividend - equity                                                                                                                                      | 1,660.60                     | 2,608.16                     |
| Tax on dividend                                                                                                                                                | 338.04                       | 528.76                       |
| <b>Closing balance</b>                                                                                                                                         | <b>4,565.91</b>              | <b>3,007.25</b>              |
| <b>Total</b>                                                                                                                                                   | <b>12,624.16</b>             | <b>10,496.39</b>             |

## Notes forming part of Financial Statements

(₹ Million)

| Particulars                                                                                        | As at<br>31st December, 2016 | As at<br>31st December, 2015 |
|----------------------------------------------------------------------------------------------------|------------------------------|------------------------------|
| <b>4. DEFERRED TAX LIABILITIES</b>                                                                 |                              |                              |
| <b>Deferred tax liabilities</b>                                                                    |                              |                              |
| a. Depreciation                                                                                    | 182.70                       | 169.51                       |
| <b>Less : Deferred tax assets</b>                                                                  |                              |                              |
| a. Employee benefits                                                                               | 104.32                       | 67.49                        |
| b. Provision for doubtful receivables                                                              | 19.24                        | 10.07                        |
| c. Provision others                                                                                | 30.00                        | -                            |
|                                                                                                    | <u>153.56</u>                | <u>77.56</u>                 |
| <b>Total</b>                                                                                       | <b>29.14</b>                 | <b>91.95</b>                 |
| <b>5. OTHER LONG TERM LIABILITIES</b>                                                              |                              |                              |
| a. Capital creditors                                                                               | 1.86                         | 3.39                         |
| b. For expenses                                                                                    | 11.46                        | 3.90                         |
| <b>Total</b>                                                                                       | <b>13.32</b>                 | <b>7.29</b>                  |
| <b>6. OTHER CURRENT LIABILITIES</b>                                                                |                              |                              |
| a. Unearned revenues                                                                               | 9.60                         | 25.54                        |
| b. Unclaimed dividend *                                                                            | 137.66                       | 119.92                       |
| c. Other payables                                                                                  |                              |                              |
| i. Employee related                                                                                | 294.92                       | 265.51                       |
| ii. Statutory liabilities                                                                          | 128.48                       | 146.14                       |
| iii. Deposit received from customer / lessee                                                       | 0.03                         | -                            |
| iv. Capital creditors                                                                              | 248.76                       | 312.46                       |
| v. For expenses                                                                                    | 316.13                       | 298.76                       |
| * There is no amount due and outstanding to be credited to Investor Education and Protection Fund. |                              |                              |
| <b>Total</b>                                                                                       | <b>1,135.58</b>              | <b>1,168.33</b>              |
| <b>7. SHORT TERM PROVISIONS</b>                                                                    |                              |                              |
| a. For employee benefits                                                                           | 62.34                        | 56.40                        |
| b. Proposed dividend                                                                               | 302.03                       | 723.75                       |
| c. Tax on proposed dividend                                                                        | 61.48                        | 147.34                       |
| d. For tax (net of advance tax) (net of MAT credit availed ₹ 0.25 million (₹ 47.68 million))       | 54.20                        | 25.13                        |
| e. Others (Refer Note no. 30)                                                                      | 86.67                        | -                            |
| <b>Total</b>                                                                                       | <b>566.72</b>                | <b>952.62</b>                |

## 8. FIXED ASSETS

(₹ Million)

| Particulars                                                                                 | GROSS BLOCK         |               |                             | DEPRECIATION AND AMORTISATION |                     |                 |                             | NET BLOCK           |                     |                     |
|---------------------------------------------------------------------------------------------|---------------------|---------------|-----------------------------|-------------------------------|---------------------|-----------------|-----------------------------|---------------------|---------------------|---------------------|
|                                                                                             | As at<br>01.01.2016 | Additions     | Deductions /<br>Adjustments | As at<br>31.12.2016           | As at<br>01.01.2016 | For the<br>year | Deductions /<br>Adjustments | As at<br>31.12.2016 | As at<br>31.12.2016 | As at<br>31.12.2015 |
| <b>i. Tangible Assets</b>                                                                   |                     |               |                             |                               |                     |                 |                             |                     |                     |                     |
| Land - Freehold                                                                             | 0.15                | -             | -                           | 0.15                          | -                   | -               | -                           | -                   | 0.15                | 0.15                |
| Land - Leasehold                                                                            | 161.07              | 121.89        | -                           | 282.96                        | 14.52               | 2.69            | -                           | 17.21               | 265.75              | 146.55              |
| Building                                                                                    | 2,250.89            | 1.01          | -                           | 2,251.90                      | 223.72              | 40.54           | -                           | 264.26              | 1,987.64            | 2,027.17            |
| Plant and Machinery                                                                         | 1,574.14            | 133.58        | 36.95                       | 1,670.77                      | 1,169.22            | 184.45          | 36.76                       | 1,316.91            | 353.86              | 404.92              |
| Office Equipments                                                                           | 784.39              | 33.62         | 2.48                        | 815.53                        | 595.12              | 88.90           | 2.32                        | 681.70              | 133.83              | 189.27              |
| Furniture and Fixtures                                                                      | 508.94              | 4.61          | 0.42                        | 513.13                        | 380.32              | 34.52           | 0.41                        | 414.43              | 98.70               | 128.62              |
| Vehicles                                                                                    | 24.64               | 0.17          | 1.90                        | 22.91                         | 17.45               | 2.80            | 1.68                        | 18.57               | 4.34                | 7.19                |
| Leasehold Improvements                                                                      | 4.97                | -             | -                           | 4.97                          | 3.10                | 0.99            | -                           | 4.09                | 0.88                | 1.87                |
| <b>Total</b>                                                                                | <b>5,309.19</b>     | <b>294.88</b> | <b>41.75</b>                | <b>5,562.32</b>               | <b>2,403.45</b>     | <b>354.89</b>   | <b>41.17</b>                | <b>2,717.17</b>     | <b>2,845.15</b>     | <b>2,905.74</b>     |
| Previous year                                                                               | 5,110.32            | 255.05        | 56.18                       | 5,309.19                      | 2,112.22            | 346.30          | 55.07                       | 2,403.45            | 2,905.74            |                     |
| <b>ii. Intangible Assets</b>                                                                |                     |               |                             |                               |                     |                 |                             |                     |                     |                     |
| Software (other than internally generated)                                                  | 391.14              | 67.18         | -                           | 458.32                        | 286.48              | 70.98           | -                           | 357.46              | 100.86              | 104.66              |
| <b>Total</b>                                                                                | <b>391.14</b>       | <b>67.18</b>  | <b>-</b>                    | <b>458.32</b>                 | <b>286.48</b>       | <b>70.98</b>    | <b>-</b>                    | <b>357.46</b>       | <b>100.86</b>       | <b>104.66</b>       |
| Previous year                                                                               | 329.58              | 61.80         | 0.24                        | 391.14                        | 224.42              | 62.06           | -                           | 286.48              | 104.66              |                     |
| <b>iii. Capital work-in-progress</b><br>(mainly in respect of buildings under construction) |                     |               |                             |                               |                     |                 |                             |                     | 2,165.56            | 1,105.43            |
| <b>Grand total</b>                                                                          | <b>5,700.33</b>     | <b>362.06</b> | <b>41.75</b>                | <b>6,020.64</b>               | <b>2,689.93</b>     | <b>425.87</b>   | <b>41.17</b>                | <b>3,074.63</b>     | <b>5,111.57</b>     | <b>4,115.83</b>     |
| Previous year                                                                               | 5,439.90            | 316.85        | 56.42                       | 5,700.33                      | 2,336.64            | 408.36          | 55.07                       | 2,689.93            | 4,115.83            |                     |

### Notes:

- Land - Leasehold includes ₹ 90.00 million and ₹ 8.31 million (Previous year ₹ 7.40 million) being lease premium and accumulated amortisation respectively in respect of one parcel of leasehold land allotted to the Company at Nagpur for which final lease agreement is being executed.
- Plant and machinery includes Computer systems.

## 9. NON-CURRENT INVESTMENTS

| Particulars                                                                                                         | As at<br>31st December, 2016 | As at<br>31st December, 2015 |
|---------------------------------------------------------------------------------------------------------------------|------------------------------|------------------------------|
| <b>Trade investments in subsidiary companies (unquoted) (at cost)</b>                                               |                              |                              |
| a. 30,026 common stock at no par value in Hexaware Technologies Inc., U.S.A.                                        | 1,632.68                     | 1,632.68                     |
| b. 2,167,000 shares of 1 GBP each fully paid up in Hexaware Technologies UK Ltd.                                    | 154.64                       | 154.64                       |
| c. 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. 9,500,000 shares of ₹ 10/- each fully paid up in Risk Technology International Limited                           | 93.50                        | 93.50                        |
| g. 1 participation share of no par value in Hexaware Technologies Mexico S De R.L. De C.V.                          | 29.42                        | 29.42                        |
| h. 20 (5) shares of USD 5000/- each in Guangzhou Hexaware Information Technologies Company Limited, China           | 6.72                         | 1.66                         |
| i. Entire Share Capital in Hexaware Technologies Limited Liability Company, Russia                                  | 148.60                       | 80.01                        |
|                                                                                                                     | <b>2,086.34</b>              | <b>2,012.69</b>              |
| <b>Trade investments (unquoted) (at cost) - in others</b>                                                           |                              |                              |
| 240,958 equity shares of ₹ 10/- each fully paid up in Beta Wind Farm Pvt. Ltd.                                      | 4.58                         | 4.58                         |
|                                                                                                                     | <b>4.58</b>                  | <b>4.58</b>                  |
| <b>Total</b>                                                                                                        | <b>2,090.92</b>              | <b>2,017.27</b>              |

## Notes forming part of Financial Statements

(₹ Million)

| Particulars                                                                             | As at               | As at               |
|-----------------------------------------------------------------------------------------|---------------------|---------------------|
|                                                                                         | 31st December, 2016 | 31st December, 2015 |
| <b>10. LONG TERM LOANS AND ADVANCES (UNSECURED)</b>                                     |                     |                     |
| Considered good                                                                         |                     |                     |
| a. Loans to related parties (Refer Note no. 27)                                         | 1,128.55            | 354.50              |
| b. Share application in Hexaware Technologies Saudi LLC, Saudi Arabia                   | 8.03                | -                   |
| c. Capital Advances                                                                     | 4.21                | 215.34              |
| d. Security Deposits                                                                    | 189.16              | 128.03              |
| e. Advance Income Tax and Fringe benefit Tax (net of provision for tax)                 | 316.33              | 341.33              |
| f. MAT Credit Entitlement                                                               | 958.59              | 917.48              |
| g. Other Loans and advances (includes service tax receivable, prepaid expenses etc.)    | 90.65               | 63.36               |
| <b>Total</b>                                                                            | <b>2,695.52</b>     | <b>2,020.04</b>     |
| <b>11. OTHER NON-CURRENT ASSETS</b>                                                     |                     |                     |
| a. Interest accrued on deposits                                                         | 0.94                | 0.51                |
| c. Non current bank balances                                                            |                     |                     |
| Restricted bank balances (Refer Note no. 14)                                            | 145.07              | 130.50              |
| d. Receivable on account of MTM gains on derivatives contract (net) (Refer Note no. 25) | 127.50              | 1.77                |
| <b>Total</b>                                                                            | <b>273.51</b>       | <b>132.78</b>       |

## 12. CURRENT INVESTMENTS

(₹ Million)

| Particulars                                                                                           | As at               |               | As at               |               |
|-------------------------------------------------------------------------------------------------------|---------------------|---------------|---------------------|---------------|
|                                                                                                       | 31st December, 2016 |               | 31st December, 2015 |               |
|                                                                                                       | No. of units        | Amount        | No. of units        | Amount        |
| <b>Investments in mutual funds (Unquoted) (at cost or fair value whichever is lower)</b>              |                     |               |                     |               |
| Birla Sun life floating Rate Fund-STP-IP-Daily Dividend Reinvestmnet-Direct Plan (face value ₹ 100/-) | 402,070             | 40.22         | -                   | -             |
| Kotak Liquid Regular Plan - Daily Dividend (face value ₹ 1000/-)                                      | 32,882              | 40.21         | -                   | -             |
| HDFC Liquid Fund - Regular Plan - Dividend - Daily Reinvest (face value ₹ 1000/-)                     | 34,328              | 35.01         | -                   | -             |
| ICICI Prudential Liquid Plan - Daily Dividend (face value ₹ 100/-)                                    | 351,840             | 35.22         | -                   | -             |
| SBI Magnum Insta Cash Fund - Regular Plan - Daily Dividend (face value ₹ 1000/-)                      | 6,059               | 10.15         | -                   | -             |
| Axis Liquid Fund - Daily Dividend Reinvestment (CF-DD) (face value ₹ 1000/-)                          | 15,041              | 15.05         | -                   | -             |
| Reliance Liquid Fund - Treasury Plan - Daily Dividend (face value ₹ 1000/-)                           | 1,721               | 2.63          | -                   | -             |
| Tata Money Market Fund -Daily Dividend Reinvestment (face value ₹ 1000/-)                             | 9,996               | 10.01         | -                   | -             |
| Kotak Liquid Plan A - Daily Dividend (face value ₹ 1000/-)                                            | -                   | -             | 32,840              | 40.16         |
| HDFC Liquid Fund - Daily Dividend Reinvest (face value ₹ 1000/-)                                      | -                   | -             | 98,073              | 100.02        |
| UTI Money Market Fund - Institutional Plan - Daily Dividend Reinvest (face value ₹ 1000/-)            | -                   | -             | 25,422              | 25.51         |
| Sundaram Money Fund - Daily Dividend Reinvestment (face value ₹ 10/-)                                 | -                   | -             | 9,907,121           | 100.01        |
| DWS Insta Cash Plus Fund - Daily Dividend - Reinvestment (face value ₹ 100/-)                         | -                   | -             | 755,669             | 75.80         |
| DWS Treasury Fund - Cash - Direct Plan - Daily Dividend - Reinvestment (face value ₹ 100/-)           | -                   | -             | 597,903             | 60.02         |
| Reliance Liquidity Fund - Direct Plan - Daily Dividend Reinvestment Plan (face value ₹ 1000/-)        | -                   | -             | 7,811               | 7.81          |
| <b>Total</b>                                                                                          |                     | <b>188.50</b> |                     | <b>409.33</b> |

(₹ Million)

| Particulars                                                                                                      | As at<br>31st December, 2016 | As at<br>31st December, 2015 |
|------------------------------------------------------------------------------------------------------------------|------------------------------|------------------------------|
| <b>13. TRADE RECEIVABLES (UNSECURED)</b>                                                                         |                              |                              |
| a. Over six months from the due date                                                                             |                              |                              |
| Considered good                                                                                                  | 20.39                        | 24.46                        |
| Considered doubtful                                                                                              | 23.34                        | 48.11                        |
|                                                                                                                  | 43.73                        | 72.57                        |
| Less : Provision for doubtful receivables                                                                        | 23.34                        | 48.11                        |
|                                                                                                                  | 20.39                        | 24.46                        |
| b. Others                                                                                                        |                              |                              |
| Considered good                                                                                                  | 2,713.17                     | 3,946.51                     |
| Considered doubtful                                                                                              | 5.02                         | 18.56                        |
|                                                                                                                  | 2,718.19                     | 3,965.07                     |
| Less : Provision for doubtful receivables                                                                        | 5.02                         | 18.56                        |
|                                                                                                                  | 2,713.17                     | 3,946.51                     |
| <b>Total</b>                                                                                                     | <b>2,733.56</b>              | <b>3,970.97</b>              |
| <b>14. CASH AND CASH EQUIVALENTS</b>                                                                             |                              |                              |
| a. Balances with banks                                                                                           |                              |                              |
| i. In current accounts                                                                                           | 643.20                       | 1,093.93                     |
| ii. Remittances in transit                                                                                       | -                            | 2.06                         |
| iii. Bank deposit accounts with less than 3 months maturity                                                      | 26.91                        | 3.65                         |
|                                                                                                                  | 670.11                       | 1,099.64                     |
| b. Other bank balances                                                                                           |                              |                              |
| i. Earmarked balances with banks (Refer note 2 (i))                                                              | 1,395.43                     | -                            |
| ii. Unclaimed dividend accounts                                                                                  | 137.66                       | 120.28                       |
| iii. Margin money                                                                                                | 7.41                         | 10.22                        |
|                                                                                                                  | 1,540.50                     | 130.50                       |
| Total Cash and Bank Balances                                                                                     | 2,210.61                     | 1,230.14                     |
| c. Bank balances classified as non current assets                                                                |                              |                              |
| Restricted bank balances (Refer Note no. 11)                                                                     | (145.07)                     | (130.50)                     |
| <b>Total</b>                                                                                                     | <b>2,065.54</b>              | <b>1,099.64</b>              |
| <b>15. SHORT TERM LOANS AND ADVANCES (UNSECURED)</b>                                                             |                              |                              |
| a. Considered good                                                                                               |                              |                              |
| i. Security deposits                                                                                             | 31.48                        | 6.27                         |
| ii. Loans and advances to related parties (Refer Note no. 27)                                                    | 218.33                       | 270.73                       |
| iii. Other loans and advances (includes service tax receivable, prepaid expenses, employee travel advances etc.) | 500.60                       | 572.51                       |
|                                                                                                                  | 750.41                       | 849.51                       |
| b. Considered doubtful                                                                                           |                              |                              |
| Security deposits                                                                                                | 34.56                        | 35.15                        |
| Less : Provision for doubtful deposits                                                                           | 34.56                        | 35.15                        |
|                                                                                                                  | -                            | -                            |
| <b>Total</b>                                                                                                     | <b>750.41</b>                | <b>849.51</b>                |
| <b>16. OTHER CURRENT ASSETS</b>                                                                                  |                              |                              |
| a. Interest accrued on deposits                                                                                  | 0.49                         | 1.05                         |
| b. Unbilled services                                                                                             | 495.77                       | 351.66                       |
| c. Receivable on account of MTM gains on derivatives contract (net)                                              | 230.62                       | 19.08                        |
| <b>Total</b>                                                                                                     | <b>726.88</b>                | <b>371.79</b>                |

## Notes forming part of Financial Statements

(₹ Million)

| Particulars                                                                                                       | For the year ended<br>31st December, 2016 | For the year ended<br>31st December, 2015 |
|-------------------------------------------------------------------------------------------------------------------|-------------------------------------------|-------------------------------------------|
| <b>17. OTHER INCOME</b>                                                                                           |                                           |                                           |
| a. Dividend from current investments                                                                              | 12.44                                     | 45.39                                     |
| b. Interest income                                                                                                | 64.00                                     | 33.72                                     |
| c. Profit on sale of fixed assets (net)                                                                           | 1.55                                      | 1.40                                      |
| d. Miscellaneous income                                                                                           | 16.37                                     | 22.85                                     |
| <b>Total</b>                                                                                                      | <b>94.36</b>                              | <b>103.36</b>                             |
| <b>18. SOFTWARE AND DEVELOPMENT EXPENSES</b>                                                                      |                                           |                                           |
| a. Consultant travel and related expenses                                                                         | 180.18                                    | 246.46                                    |
| b. Software expenses *                                                                                            | 267.29                                    | 245.31                                    |
| <b>Total</b>                                                                                                      | <b>447.47</b>                             | <b>491.77</b>                             |
| * includes subcontracting charges                                                                                 | 238.49                                    | 212.50                                    |
| <b>19. EMPLOYEE BENEFITS EXPENSES</b>                                                                             |                                           |                                           |
| a. Salaries and allowances                                                                                        | 6,178.62                                  | 5,646.51                                  |
| b. Contribution to provident and other funds                                                                      | 431.81                                    | 399.50                                    |
| c. Staff welfare expenses                                                                                         | 335.03                                    | 298.65                                    |
| <b>Total</b>                                                                                                      | <b>6,945.46</b>                           | <b>6,344.66</b>                           |
| <b>20. OPERATIONS AND OTHER EXPENSES</b>                                                                          |                                           |                                           |
| a. Rent (Refer Note no. 28)                                                                                       | 188.69                                    | 134.97                                    |
| b. Rates and taxes                                                                                                | 23.50                                     | 34.46                                     |
| c. Travelling and conveyance expenses                                                                             | 355.06                                    | 292.65                                    |
| d. Electricity charges                                                                                            | 208.47                                    | 189.94                                    |
| e. Communication expenses                                                                                         | 172.53                                    | 151.32                                    |
| f. Repairs and maintenance                                                                                        |                                           |                                           |
| Building                                                                                                          | 45.04                                     | 33.14                                     |
| Plant and Machinery                                                                                               | 146.25                                    | 142.49                                    |
| Others                                                                                                            | 88.47                                     | 96.83                                     |
|                                                                                                                   | <b>279.76</b>                             | <b>272.46</b>                             |
| g. Printing and stationery                                                                                        | 26.06                                     | 23.48                                     |
| h. Auditors remuneration                                                                                          |                                           |                                           |
| Audit Fees                                                                                                        | 5.52                                      | 5.53                                      |
| Tax Audit Fees                                                                                                    | 1.68                                      | 1.65                                      |
| Certification work, taxation and other matters                                                                    | 5.25                                      | 4.79                                      |
|                                                                                                                   | <b>12.45</b>                              | <b>11.97</b>                              |
| i. Legal and professional fees                                                                                    | 118.52                                    | 109.65                                    |
| j. Advertisement and business promotion                                                                           | 72.44                                     | 38.89                                     |
| k. Bank and other charges                                                                                         | 4.22                                      | 4.36                                      |
| l. Directors' sitting fees                                                                                        | 1.22                                      | 1.16                                      |
| m. Insurance charges                                                                                              | 14.74                                     | 15.09                                     |
| n. Debts and advances written off                                                                                 | 15.18                                     | 7.90                                      |
| o. Provision for doubtful accounts (Net off write back) **                                                        | (38.51)                                   | 44.53                                     |
| p. Staff recruitment expenses                                                                                     | 66.00                                     | 56.78                                     |
| q. Service charges                                                                                                | 150.88                                    | 142.36                                    |
| r. Miscellaneous expenses #                                                                                       | 67.48                                     | 44.15                                     |
| # includes stamp duty & filing fees, registrar and share transfer expenses, membership and subscription fees etc. |                                           |                                           |
| <b>Total</b>                                                                                                      | <b>1,738.69</b>                           | <b>1,576.12</b>                           |
| ** net of write back                                                                                              | (49.82)                                   | (11.05)                                   |

- 21** Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances) ₹ 40.63 million (Previous year ₹ 974.98 million)

**22 Contingent Liabilities in respect of**

- a) Claims not acknowledged as debt ₹ 28.14 million (Previous Year ₹ 28.14 million), being a claim from landlord of a premise occupied by the Company in an earlier year. The Company is confident of successfully contesting the aforesaid matter and does not expect any outflow on this count.

**b) Claims for taxes on income**

Income taxes of ₹ 9.59 million (Previous year ₹ 9.74 million) in respect of assessments completed in earlier year, arising from certain disallowances by the Income tax authorities. The Company has appealed against the Orders and based on merits, expects favourable outcome. Hence, no provision is considered necessary.

**23 Earnings Per Share (EPS)**

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

| Particulars                                                                 | For the Year ended<br>31st December, 2016 | For the Year ended<br>31st December, 2015 |
|-----------------------------------------------------------------------------|-------------------------------------------|-------------------------------------------|
| Net profit after tax (₹ Million)                                            | 3,560.73                                  | 3,329.71                                  |
| Weighted average outstanding equity shares considered for basic EPS (Nos)   | 301,814,066                               | 301,313,790                               |
| Basic Earnings per share: (in ₹)                                            | <b>11.80</b>                              | <b>11.05</b>                              |
| Weighted average outstanding equity shares considered for basic EPS (Nos)   | 301,814,066                               | 301,313,790                               |
| Add : Dilutive impact of employee stock options ( Nos)                      | 2,630,374                                 | 2,459,825                                 |
| Weighted average outstanding equity shares considered for diluted EPS (Nos) | 304,444,440                               | 303,773,615                               |
| Diluted Earnings per share: (in ₹)                                          | <b>11.70</b>                              | <b>10.96</b>                              |

- 24** The Provision for current income tax is aggregate of the balance tax for three months ended 31st March, 2016 based on the returned income for the tax year ended 31st March, 2016 and the provision based on the taxable income for the remaining nine months up to 31st December, 2016, the actual tax liability, for which, will be determined on the basis of the results for the tax year ending 31st March, 2017.

**25 Derivative Instruments**

- a) Forward exchange contracts to Sell US Dollar 141.82 million, Euro 4.20 million and GBP 4.20 million are outstanding as of 31st December, 2016 (Previous Year US Dollar 156.94 million, Euro 5.60 million and GBP 4.20 million).

Fair value net gain on the derivative instruments identified as cash flow hedges is ₹ 358.12 million as at 31st December, 2016 (Previous Year ₹ 20.85 million ).

Net gain of ₹ 322.77 million recognized in Hedging Reserve as at 31st December 2016 is expected to be recycled to Statement of Profit and Loss over two years.

- b) As at the balance sheet date the Company has net receivable foreign currency exposure that are not hedged by a derivative instrument or otherwise amounting to ₹ 2,237.21 million (Previous Year ₹ 2,575.57 million)

**26 Share Based Compensation (ESOP)**

- a) The Remuneration and Compensation Committee ('Committee') of the Company administers the stock options plans viz. ESOP 2002, 2007, 2008 and 2015 plan. Under the plans, the employees of the Company as well as its subsidiaries are granted options / Restricted Stock Options (RSU) entitling them to one equity share of ₹ 2/- each for each option granted. Exercise price is the market price of the shares of the Company at the grant date or the price determined by the Committee. The Options / RSU's vest over a period of 1 to 4 years from the date of grant on the basis of service period and/or performance achievement. The maximum time available to exercise upon vesting is 6 years.

## Notes forming part of Financial Statements

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

| Particulars                              | ESOP - 2002        |                                  | ESOP - 2007            |                                  | ESOP - 2008              |                                  | ESOP - 2015              |                                  | Total                    |                                  |
|------------------------------------------|--------------------|----------------------------------|------------------------|----------------------------------|--------------------------|----------------------------------|--------------------------|----------------------------------|--------------------------|----------------------------------|
|                                          | Options (nos.)     | Weighted ex. Price per share (₹) | Options (nos.)         | Weighted ex. Price per share (₹) | Options/RSU's (nos.)     | Weighted ex. Price per share (₹) | RSU's (nos.)             | Weighted ex. Price per share (₹) | Options/RSU's (nos.)     | Weighted ex. Price per share (₹) |
| Outstanding at the beginning of the year | 23,000<br>(51,000) | 12.45<br>(12.45)                 | 839,575<br>(1,525,500) | 48.69<br>(50.23)                 | 4,124,814<br>(-)         | 2.00<br>(-)                      | 4,857,124<br>(-)         | 2.00<br>(-)                      | 9,844,513<br>(1,576,500) | 6.01<br>(49.01)                  |
| Granted during the year                  | -<br>(-)           | -<br>(-)                         | -<br>(-)               | -<br>(-)                         | -<br>(4,217,814)         | -<br>(2.00)                      | 1,048,312<br>(4,974,924) | 2.00<br>(2.00)                   | 1,048,312<br>(9,192,738) | 2.00<br>(2.00)                   |
| Exercised during the year                | 23,000<br>(28,000) | 12.45<br>(12.45)                 | 334,325<br>(611,425)   | 37.55<br>(51.31)                 | 69,843<br>(-)            | 2.00<br>(-)                      | 38,130<br>(-)            | 2.00<br>(-)                      | 465,298<br>(639,425)     | 28.06<br>(49.60)                 |
| Lapsed during the year                   | -<br>(-)           | -<br>(-)                         | 77,500<br>(74,500)     | 18.97<br>(58.74)                 | 422,220<br>(93,000)      | 2.00<br>(2.00)                   | 663,400<br>(117,800)     | 2.00<br>(2.00)                   | 1,163,120<br>(285,300)   | 3.13<br>(16.82)                  |
| Outstanding at the year end              | -<br>(23,000)      | -<br>(12.45)                     | 427,750<br>(839,575)   | 62.79<br>(48.69)                 | 3,632,751<br>(4,124,814) | 2.00<br>(2.00)                   | 5,203,906<br>(4,857,124) | 2.00<br>(2.00)                   | 9,264,407<br>(9,844,513) | 2.00<br>(6.01)                   |
| Exercisable as at the year end           | -<br>(23,000)      | -<br>(12.45)                     | 427,750<br>(839,575)   | 62.79<br>(48.69)                 | 271,836<br>(-)           | 2.00<br>(-)                      | 548,099<br>(-)           | 2.00<br>(-)                      | 1,247,685<br>(862,575)   | 2.00<br>(47.73)                  |

Previous Year figures are given in brackets.

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

| Range of exercise price<br>₹ | As at 31st December, 2016 |      | As at 31st December, 2015 |      |
|------------------------------|---------------------------|------|---------------------------|------|
|                              | Options/RSU's (Nos)       | Life | Options (Nos)             | Life |
| 2- 12.45                     | 8,836,657                 | 47   | 9,263,738                 | 55   |
| 40.28                        | 57,000                    | 7    | 57,000                    | 19   |
| 59.08 - 79.85                | 370,750                   | 15   | 523,775                   | 27   |
| <b>Total</b>                 | <b>9,264,407</b>          |      | <b>9,844,513</b>          |      |

- d) The Company has followed the Intrinsic Value-based method of accounting for grants made before April 1, 2015. For the grants made after 1st April, 2015, the Company has recognised compensation cost using fair value method. Had the compensation costs for the grants made before 1st April, 2015 been recognised using fair value method, the income would have been higher by NIL (Previous year higher ₹7.51 million) and earnings per share (EPS) as reported would be as indicated below:

| Particulars        | Year 2016 | Year 2015 |
|--------------------|-----------|-----------|
| Basic EPS          |           |           |
| As reported (in ₹) | 11.80     | 11.05     |
| Adjusted (in ₹)    | 11.80     | 11.08     |
| Diluted EPS        |           |           |
| As reported (in ₹) | 11.70     | 10.96     |
| Adjusted (in ₹)    | 11.70     | 10.99     |

- e) During the year, the Company granted 1,048,312 RSU's under ESOP 2015 plan with weighted average fair value of ₹ 189.47/- per share. The fair values of the RSU's are determined using Black Scholes Option pricing model using following assumptions:

| Particulars                         | Year 2016    |
|-------------------------------------|--------------|
| Weighted Average share price (in ₹) | 213.63       |
| Dividend Yield (%)                  | 3.73- 4.14   |
| Expected Life (years)               | 1.32-3.85    |
| Risk free interest rate (%)         | 6.41- 7.42   |
| Volatility (%)                      | 37.03- 39.39 |

The expected volatility is determined based on historical volatility.

## 27 Related party disclosures

| Name of the Related Parties                                                           | Country                  |
|---------------------------------------------------------------------------------------|--------------------------|
| <b>Ultimate Holding company and its Subsidiaries</b>                                  |                          |
| Baring Private Equity Asia GP V. LP ( ultimate holding company) (control exists)      | Cayman Island            |
| The Baring Asia Private Equity Fund V, LP                                             | Cayman Island            |
| Baring Private Equity Asia V Mauritius Holding (4) Limited                            | Mauritius                |
| <b>Holding Company (control exists)</b>                                               |                          |
| HT Global IT Solutions Holdings Limited                                               | Mauritius                |
| <b>Subsidiaries</b>                                                                   |                          |
| 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                   |
| FocusFrame Europe BV <sup>(1) &amp; (2)</sup>                                         | Netherland               |
| Hexaware Technologies, Mexico S. De. R.L. De. C.V.                                    | Mexico                   |
| Risk Technology International Limited                                                 | India                    |
| Hexaware Technologies DO Brazil Ltd, Brazil <sup>(3)</sup>                            | Brazil                   |
| Guangzhou Hexaware Information Technologies Company Limited <sup>(4)</sup>            | China                    |
| Hexaware Technologies LLC <sup>(5)</sup>                                              | Russia                   |
| Hexaware Technologies Saudi LLC <sup>(6)</sup>                                        | Saudi Arabia             |
| Hexaware Technologies Romania SRL <sup>(7)</sup>                                      | Romania                  |
| <b>Associate</b>                                                                      |                          |
| Experis Technology Solutions Pte Ltd <sup>(8)</sup>                                   | Singapore                |
| <b>Key Management Personnel (KMP)</b>                                                 |                          |
| Mr. R Srikrishna - Executive Director and CEO                                         |                          |
| <b>Notes:</b>                                                                         |                          |
| 1. Subsidiary of Hexaware Technologies Inc.                                           |                          |
| 2. Closed on 31st March 2015.                                                         |                          |
| 3. Subsidiary of Hexaware Technologies UK Ltd                                         |                          |
| 4. Formed and commenced business on 21st May, 2015.                                   |                          |
| 5. Formed on 14th October 2015.                                                       |                          |
| 6. Received investment license, registration is under process.                        |                          |
| 7. Subsidiary of Hexaware Technologies UK Ltd, formed on 28th September 2016          |                          |
| 8. Associate of Hexaware Technologies Asia Pacific Pte Ltd w.e.f. 16th December 2016. |                          |

### Details of transactions with party wise details for transactions in excess of 10% of the total transactions

| ₹ Million                                                  |                                                             |                                        |                                        |
|------------------------------------------------------------|-------------------------------------------------------------|----------------------------------------|----------------------------------------|
| Nature of transactions                                     | Name of the Related party and Relationship                  | For the Year ended 31st December, 2016 | For the Year ended 31st December, 2015 |
| Investment made during the year                            | <b>Subsidiaries</b>                                         |                                        |                                        |
|                                                            | Guangzhou Hexaware Information Technologies Company Limited | 5.06                                   | 1.66                                   |
|                                                            | Hexaware Technologies LLC                                   | 68.59                                  | 80.01                                  |
|                                                            | Hexaware Technologies Saudi LLC                             | 8.03                                   | -                                      |
|                                                            |                                                             | <b>81.68</b>                           | <b>81.67</b>                           |
| Loan given during the year                                 | <b>Subsidiaries</b>                                         |                                        |                                        |
|                                                            | Risk Technology International Ltd.                          | 774.05                                 | 154.50                                 |
| Software and consultancy income                            | <b>Subsidiaries</b>                                         |                                        |                                        |
|                                                            | Hexaware Technologies Inc.                                  | 6,362.66                               | 5,596.28                               |
|                                                            | Hexaware Technologies UK Ltd.                               | 1,010.92                               | 715.52                                 |
|                                                            | Others                                                      | 533.66                                 | 642.72                                 |
|                                                            |                                                             | <b>7,907.24</b>                        | <b>6,954.52</b>                        |
| Software and development expenses - subcontracting charges | <b>Subsidiaries</b>                                         |                                        |                                        |
|                                                            | Hexaware Technologies Inc.                                  | 181.83                                 | 120.47                                 |
| Interest income                                            | <b>Subsidiaries</b>                                         |                                        |                                        |
|                                                            | Risk Technology International Ltd.                          | 58.76                                  | 21.75                                  |

## Notes forming part of Financial Statements

| Nature of transactions   | Name of the Related party and Relationship                                                                     | For the Year ended<br>31st December, 2016 | For the Year ended<br>31st December, 2015 |
|--------------------------|----------------------------------------------------------------------------------------------------------------|-------------------------------------------|-------------------------------------------|
| Reimbursement of cost to | <b>Holding Company</b><br>HT Global IT Solutions Holdings Limited                                              | -                                         | 0.23                                      |
|                          | <b>Subsidiaries</b><br>Hexaware Technologies UK Ltd.<br>Hexaware Technologies Asia Pacific Pte. Ltd.<br>Others | 14.09<br>2.82<br>1.04                     | 28.20<br>0.36<br>0.78                     |
|                          |                                                                                                                | <b>17.95</b>                              | <b>29.57</b>                              |
| Receiving of Services    | <b>Remuneration to KMP</b><br>Mr. R Srikrishna (including share based payment)                                 | 52.37                                     | 52.17                                     |
| Recovery of cost from    | <b>Subsidiaries</b><br>Hexaware Technologies Inc.<br>Hexaware Technologies UK Ltd.<br>Others                   | 446.75<br>248.78<br>33.81                 | 432.52<br>176.08<br>38.27                 |
|                          |                                                                                                                | <b>729.34</b>                             | <b>646.87</b>                             |

₹ Million

| Particulars                                              | As at<br>31st December, 2016 | As at<br>31st December, 2015 |
|----------------------------------------------------------|------------------------------|------------------------------|
| <b>Outstanding Balances with Subsidiaries</b>            |                              |                              |
| Investment in equity (Including share application money) | 2,094.37                     | 2,012.69                     |
| Receivable towards software and consultancy income       | 1,773.70                     | 2,929.56                     |
| Other receivables                                        | 218.33                       | 270.73                       |
| Payable towards services and reimbursement of cost       | 1,041.61                     | 1,190.32                     |
| Loan given (for general business purpose)                | 1,128.55                     | 354.50                       |
| <i>Maximum amount outstanding during the year</i>        | <i>1,128.55</i>              | <i>354.50</i>                |
| Payable to KMP                                           | 1.54                         | 1.54                         |

- 28** The Company takes on lease office space and accommodation for its employees under various operating leases. The lease rentals towards operating lease agreements recognised in the Statement of Profit and Loss for the year is ₹ 188.69 million (Previous Year ₹ 134.97 million).

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

₹ Million

| Particulars                                       | As at<br>31st December, 2016 | As at<br>31st December, 2015 |
|---------------------------------------------------|------------------------------|------------------------------|
| Not later than one year                           | 143.50                       | 39.62                        |
| Later than one year and not later than five years | 232.29                       | 90.94                        |
|                                                   | <b>375.79</b>                | <b>130.56</b>                |

### 29 Employee benefit plans

#### i) Provident Fund and Superannuation Fund

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

The interest rate payable by the Trust to the beneficiaries every year is being notified by the Government. The Company has an obligation to make good the short fall, if any, between the return from the investments of the trust and the notified interest rate. The actuary has accordingly provided a valuation and based on the fund position and assumptions mentioned below, there is no shortfall as at 31st December 2016.

| Particulars                                     | As at<br>31st December, 2016 | As at<br>31st December, 2015 |
|-------------------------------------------------|------------------------------|------------------------------|
| Present value of benefit obligation (₹ Million) | 2,529.28                     | 2,178.84                     |
| Fair value of plan assets (₹ Million)           | 2,529.28                     | 2,178.84                     |
| Expected Investment Return                      | 8.68%                        | 8.91%                        |
| Remaining term of maturities of plan assets     | 6.97 years                   | 7.41 years                   |
| Expected guaranteed interest rates              | 8.65%                        | 8.75%                        |

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

During the year, the Company has recognized expenses towards contributions to provident fund and other funds and superannuation funds of ₹ 280.85 million (Previous year ₹ 261.42 million) and ₹ 5.04 million (Previous year ₹ 6.03 million) respectively.

## ii) Gratuity Plan

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

The following table sets out the status of the gratuity plan for :

|                                                    | ₹ Million     |               |
|----------------------------------------------------|---------------|---------------|
| Particulars                                        | Year 2016     | Year 2015     |
| <b>Change in Defined Benefit Obligation</b>        |               |               |
| Opening defined benefit obligation                 | 544.30        | 468.10        |
| Current service cost                               | 107.73        | 91.14         |
| Interest cost                                      | 50.71         | 44.30         |
| Actuarial losses / (gains)                         | 5.18          | (21.26)       |
| Benefits paid                                      | (60.37)       | (37.98)       |
| <b>Closing defined benefit obligation</b>          | <b>647.55</b> | <b>544.30</b> |
| <b>Change in the Fair Value of Assets</b>          |               |               |
| Opening fair value of plan assets                  | 415.27        | 319.35        |
| Expected return on plan assets                     | 34.87         | 27.11         |
| Actuarial (losses) / gains                         | (2.74)        | 0.31          |
| Contribution by employer                           | 53.86         | 106.48        |
| Benefits paid                                      | (60.37)       | (37.98)       |
| <b>Closing fair value of plan assets</b>           | <b>440.89</b> | <b>415.27</b> |
| <b>Net liability as per actuarial valuation</b>    | <b>206.66</b> | <b>129.03</b> |
| <b>Expense for the year</b>                        |               |               |
| Current service cost                               | 107.73        | 91.14         |
| Interest on defined benefit obligation             | 50.71         | 44.30         |
| Expected return on plan assets                     | (34.87)       | (27.11)       |
| Actuarial losses / (gains)                         | 7.92          | (21.57)       |
| <b>Total Included in Employment expenses</b>       | <b>131.49</b> | <b>86.76</b>  |
| <b>Actual return on plan assets</b>                | <b>32.13</b>  | <b>27.42</b>  |
| <b>Category of assets - Insurer Managed Fund #</b> | <b>440.89</b> | <b>415.27</b> |

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

The Company is expected to contribute ₹ 100.00 million to gratuity funds for the year ending 31st December, 2017 (₹ 77.00 million for year ended 31st December 2016).

## Notes forming part of Financial Statements

| Financial assumptions at the valuation date                    | Year 2016 | Year 2015 |
|----------------------------------------------------------------|-----------|-----------|
| Discount rate                                                  | 6.70%     | 8.00%     |
| Rate of increase in compensation levels of covered employees * | 6% to 10% | 6% to 10% |
| Expected Rate of Return on Plan assets **                      | 8.00%     | 8.00%     |

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

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

₹ Million

| Other details                             | 31-Dec-16 | 31-Dec-15 | 31-Dec-14 | 31-Dec-13 | 31-Dec-12 |
|-------------------------------------------|-----------|-----------|-----------|-----------|-----------|
| Defined Benefit Obligation                | 647.55    | 544.30    | 468.10    | 349.08    | 323.46    |
| Plan Assets                               | 440.89    | 415.27    | 319.35    | 282.18    | 197.71    |
| Surplus / (Deficit)                       | (206.66)  | (129.03)  | (148.75)  | (66.90)   | (125.75)  |
| Experience Adjustment on Plan Liabilities | (83.37)   | (43.21)   | (33.10)   | (31.71)   | (17.82)   |
| Experience Adjustment on Plan Assets      | (2.74)    | 0.31      | 1.90      | 4.12      | 1.75      |

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

₹ Million

| Particulars                            | As at<br>31st December, 2016 | As at<br>31st December, 2015 |
|----------------------------------------|------------------------------|------------------------------|
| Provision at the beginning of the year | -                            | 34.46                        |
| Provision made during the year         | 90.00                        | 3.82                         |
| Paid /adjusted during the year         | (3.33)                       | *(38.28)                     |
| Provision at the end of the year       | 86.67                        | -                            |

\*Adjusted in employment expenses ₹ Nil (Previous year ₹ 3.42 million).

### 31 CIF value of Imports

₹ Million

| Particulars   | Year Ended<br>31st December, 2016 | Year Ended<br>31st December, 2015 |
|---------------|-----------------------------------|-----------------------------------|
| Capital Goods | 120.44                            | 67.66                             |

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

₹ Million

| Particulars                                         | Year Ended<br>31st December, 2016 | Year Ended<br>31st December, 2015 |
|-----------------------------------------------------|-----------------------------------|-----------------------------------|
| Foreign travelling expenses                         | 51.53                             | 64.31                             |
| Software and development expenses                   | 393.28                            | 380.88                            |
| Employment expenses                                 | 458.19                            | 416.42                            |
| Rent                                                | 16.47                             | 13.35                             |
| Business promotion, seminar and conference expenses | 2.17                              | 1.18                              |
| Legal and professional charges                      | 44.78                             | 33.46                             |
| Communication expenses                              | 6.86                              | 3.56                              |
| Other expenses                                      | 19.82                             | 44.18                             |

### 33 Remittance in Foreign currency on account of dividend

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

| Particulars                                | Interim - Q4-15<br>(Interim - Q4-14) | Interim - Q1-16<br>(Interim - Q1-15) | Interim - Q2-16<br>(Interim - Q2-15) | Interim - Q3-16<br>(Interim - Q3-15) |
|--------------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| Net amount remitted (₹ Million)            | 2.85<br>(2.92)                       | 2.84<br>(2.12)                       | 1.81<br>(2.15)                       | 1.72<br>(2.60)                       |
| No. of shares by non resident shareholders | 1,185,236<br>(1,166,099)             | 1,136,917<br>(1,061,170)             | 1,805,955<br>(1,072,842)             | 1,716,957<br>(1,156,863)             |
| Year to which dividend relates             | 2015<br>(2014)                       | 2016<br>(2015)                       | 2016<br>(2015)                       | 2016<br>(2015)                       |
| No. of non resident shareholders           | 1,065<br>(993)                       | 1,077<br>(992)                       | 2,806<br>(984)                       | 2,830<br>(1,030)                     |

### 34 Earnings in foreign currency

₹ Million

| Particulars                                            | For the year ended<br>31st December, 2016 | For the year ended<br>31st December, 2015 |
|--------------------------------------------------------|-------------------------------------------|-------------------------------------------|
| Income from software solutions and consulting services | 13,184.68                                 | 12,328.14                                 |
| Interest Income                                        | 0.12                                      | 0.24                                      |

- 35 An amount of ₹ 2.48 million towards principal and ₹ Nil towards interest was outstanding to Micro and Small Enterprises as on 31st December 2016. There were no amounts of interest paid or payable during the year. This information has been determined to the extent such parties have been identified on the basis of information available with the Company.

### 36 Segments

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

### 37 Corporate Social Responsibility

- a) Gross Amount required to be spent by the Company during the year is ₹ 80.38 million (Previous year ₹ 74.47 million)
- b) Amount spent during the year on :

| Sr. No. | Particulars                             | Amount Paid      | Amount yet to be paid | Total            |
|---------|-----------------------------------------|------------------|-----------------------|------------------|
| 1       | Construction / acquisition of any asset | -<br>(-)         | -<br>(-)              | -<br>(-)         |
| 2       | On purpose other than (1) above         | 40.75<br>(24.41) | 0.46<br>(-)           | 41.21<br>(24.41) |

Previous years figures given in bracket

- 38 Previous years figures have been regrouped/reclassified wherever necessary to correspond with the current years classification / disclosure.

### For and on behalf of the Board of Directors

**Atul K. Nishar**  
(Chairman)

**Dileep Choksi**  
(Director)

**Meera Shankar**  
(Director)

**Rajesh Kanani**  
(Chief Financial Officer)

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

**Bharat Shah**  
(Director)

**Basab Pradhan**  
(Director)

**Gunjan Methi**  
(Company Secretary)

**Jimmy Mahtani**  
(Vice Chairman)

**P. R. Chandrasekar**  
(Director)

**Christian Oecking**  
(Director)

Place : Mumbai  
Date : 7th February, 2017

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### INDIA

#### Mumbai

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Ramanathapuram,  
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Unit No. B-202, 2nd Floor  
Plot No. 7, Sector -142  
Expressway Noida  
Noida, Delhi. Pin - 201305

## NOTES

[illegible]

[illegible]

## NOTES

[illegible]

[illegible]



## HEXAWARE TECHNOLOGIES LIMITED

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

Phone : 022 - 4159 95 95; Fax : 022 -4159 9578 | website : www.hexaware.com; email : Investor@hexaware.com

CIN: L72900M H1992PLC069662

### PROXY FORM

[ Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

**Name of the Company:** HEXAWARE TECHNOLOGIES LIMITED

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

|                    |  |                      |
|--------------------|--|----------------------|
| Name of the member |  |                      |
| Registered Address |  |                      |
| E-Mail ID          |  |                      |
| DP ID              |  | Folio No/ Client ID: |

I/ We being the member (s) of \_\_\_\_\_ Shares of the above named company, hereby appoint

1. Name \_\_\_\_\_  
Address: \_\_\_\_\_  
Email ID \_\_\_\_\_  
Signature: \_\_\_\_\_, or failing him/her
2. Name \_\_\_\_\_  
Address: \_\_\_\_\_  
Email ID \_\_\_\_\_  
Signature: \_\_\_\_\_, or failing him/her
3. Name \_\_\_\_\_  
Address: \_\_\_\_\_  
Email ID \_\_\_\_\_  
Signature: \_\_\_\_\_

as my/ our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 24th Annual General Meeting of the Company, to be held on Monday, April 24, 2017 at 4.00 p.m. at M. C. Ghia Hall, Bhogilal Hargovinddas Building, 18/20, K. Dubhash Marg, Behind Prince of Wales Museum/ Kala Ghoda, Mumbai-400 001 and at any adjournment thereof in respect of such resolutions as are indicated below:

#### Resolution No:

1. Adoption of accounts
2. Confirmation of dividend
3. Re-appointment of Mr. P R Chandrasekar
4. Re-appointment of Mr. Atul Nishar
5. Appointment of Statutory Auditors
6. Re-appointment of Mr. Bharat Shah as a Non-Executive Independent director
7. Re-appointment of Mr. Dileep Choksi as a Non-Executive Independent director

Affix  
₹ 1/-  
Revenue  
Stamp

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2017.

\_\_\_\_\_  
Signature of the shareholder

\_\_\_\_\_  
Signature of Proxy holder(s)

Note: 1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.

2. A person can act as proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. Further, a Member holding more than ten percent, of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any onther Member.





## HEXAWARE TECHNOLOGIES LIMITED

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

Phone : 022 - 4159 95 95; Fax : 022 -4159 9578 | website : [www.hexaware.com](http://www.hexaware.com); email : [Investori@hexaware.com](mailto:Investori@hexaware.com)

**CIN:** L72900M H1992PLC069662

### ATTENDANCE SLIP

Full Name of the Shareholder / Proxy

(in Block Letters) \_\_\_\_\_

Folio No. or Client / DP ID No.: \_\_\_\_\_

No. of Shares held.: \_\_\_\_\_

I /we hereby record my presence at the 24th Annual General Meeting of the Company held on Monday, April 24, 2017 at 4.00 p.m. at M. C. Ghia Hall, Bhogilal Hargovinddas Building, 18/20, K. Dubhash Marg, Behind Prince of Wales Museum/Kala Ghoda, Mumbai-400001.

\_\_\_\_\_  
Member's / proxy's name in BLOCK letters

\_\_\_\_\_  
Member's / proxy's Signature

*(Shareholders attending the meeting in person or by proxy are requested to complete the attendance slip and hand over the same at the entrance of the meeting Hall.)*



## Corporate Information

### Registered Office

152, Millennium Business Park,  
Sector - III, 'A' Block, TTC Industrial Area,  
Mahape, Navi Mumbai - 400 710  
Tel.: +91 22 4159 9595  
Fax: +91 22 4159 9578  
Website: [www.hexaware.com](http://www.hexaware.com)  
Email: [Investor@hexaware.com](mailto:Investor@hexaware.com)  
CIN: L72900MH1992PLC069662

### Statutory Auditors

M/s. Deloitte Haskins & Sells LLP  
Chartered Accountants, Mumbai

### Internal Auditors

KPMG, Mumbai

### Registrar & Share Transfer Agent

Karvy Computershare Pvt. Ltd.  
Karvy Selenium, Tower B, Plot 31-32, Gachibowli,  
Financial District, Hyderabad - 500 032  
Tel: +91 40 67162222  
Fax: +91 40 23420814  
Email: [einward.ris@karvy.com](mailto:einward.ris@karvy.com)  
Website: [www.karvycomputershare.com](http://www.karvycomputershare.com)

### Investor Relations Center

24B, Rajabhadur Mansion, Ground Floor, Amabahal  
Doshi Marg, Fort, Mumbai - 400 023  
Tel: + 91 22 66235454

### Company Secretary

Mrs. Gunjan Methi





152, Millennium Business Park,  
Sector - III, 'A' Block, TTC Industrial Area,  
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