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A group of diverse people, including men and women of various ethnicities, are seated around a table in a meeting room. They are looking towards a whiteboard on the left side of the frame. The whiteboard has the title "TEAM BUILDING" and a list of activities. The people are dressed in business casual attire. The room is brightly lit, and there are water bottles and a white mug on the table in the foreground.

## TEAM BUILDING

- Company Trip
- Sports
- Holiday parties
- Friday Potluck
- Sporting Event

### **How do we create an outstanding client experience at Hexaware?**

There are several ingredients in it. But first comes passion. Passion to understand the client's requirements with sensitivity and bring to life technology-driven innovations that deliver value with speed. We help global customers to improve processes, reduce cost and elevate their level of efficiency. The result is 'differentiation' that is essential for businesses to survive and grow in a complex world.

Our ecosystem focuses on simplicity at all levels. Such an approach is reshaping the way we take decisions, work together internally, partner with clients and at the end of the day give them a great reason to smile.

As a multi-cultural company with a presence around the world, we are driven by three overriding objectives:

**"Offer a suite of product & services that delight customers"**

**"Deliver solutions that are innovative and globally acclaimed"**

**"Become a great place to work, where people are full of passion and enthusiasm"**

These tenets best define us and infuse dynamism into our operations. Every single day.

# Chairman's Message



## DEAR SHAREHOLDERS,

I am pleased to report yet another year of healthy performance for Hexaware in 2014. In a rapidly changing environment, we endeavour to constantly review and transform our portfolio and competencies. This means delighting our customers beyond their expectations, finding innovative solutions to create benefits for them and making Hexaware a great place to work.

### IT industry overview

SMAC (Social, Mobile, Analytics and Cloud) and IoT (Internet of Things) are disrupting traditional service delivery models. We view the opportunity from this as an ability to bring greater insights to customers and help them grow their business.

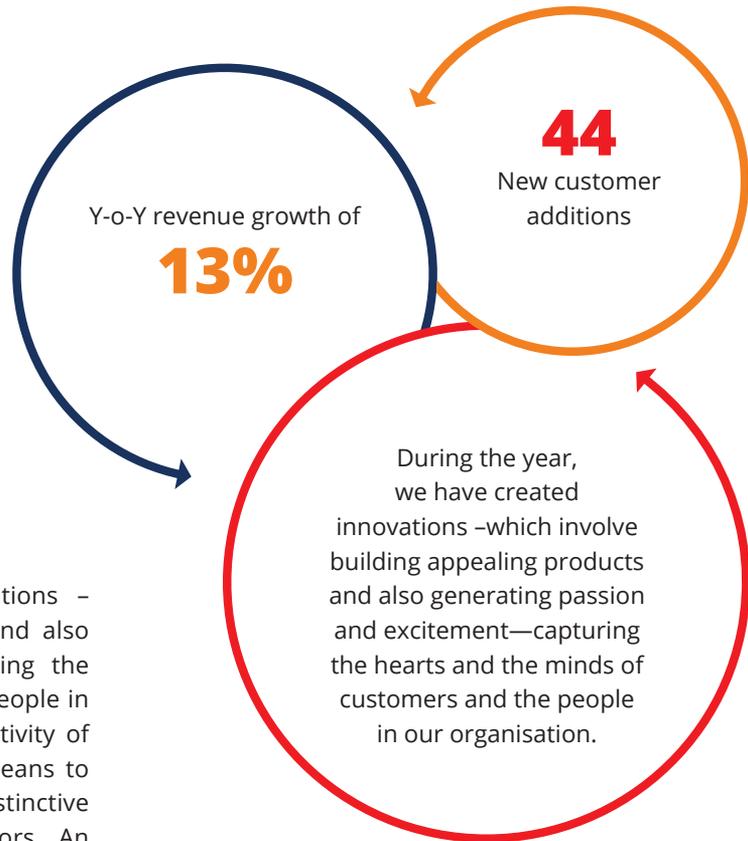
### Company performance 2014

In 2014 we continued to improve our quality of products and services. We started several initiatives in organisational development to create a great and exciting working culture and revamp existing work processes. We ended the year with Y-o-Y revenue growth of 13% and 44 new customer additions. This is a validation of the company's strategic direction.

During the year we saw healthy order intake in many of our businesses verticals like healthcare and IMS. Our BFSI, BPS and GTT service lines got lucrative deals in the year. I remain optimistic of our growth prospects going forward.

### Customer centric business

We deepened customer relationships by empowering our customer management and delivery teams to act with full ownership in their respective accounts. Besides this, we are also using the power of crowd sourcing to source ideas from our employees to add value to our customers by thinking outside the box. By including our employees in decision-making and using their ideas, we make them feel valued and keep them motivated. Our key performance indicators KPIs across customer teams are related to customer delight index, Customer Value Add and employee passion.



### Innovations

During the year, we have created innovations – which involve building appealing products and also generating passion and excitement—capturing the hearts and the minds of customers and the people in our organisation. We want to ignite the creativity of our people so that they can discover new means to fulfill customer needs, and thus develop our distinctive capabilities and help us outpace competitors. An example of this is our iFraudEngine, which helps our insurance customers to dramatically increase their ability to detect fraudulent claims.

### Going forward

The year ahead will be focused on successfully executing our strategy, growing the core business, streamlining and transforming the organisation culture and delighting our customers. I believe that we are making the right strategic investments to strengthen our market position and become our customers' most valued and trusted business partner. I thank our employees for their hard work and energy in creating this success. I also want to thank all shareholders for their continued support and trust.

Regards,

**Atul Nishar**  
*Chairman*

# CEO's Communique



## DEAR SHAREHOLDERS,

I am very excited to write my first letter to you. It has been a short 9 months since I joined Hexaware, but it feels like a lot longer. I have had the opportunity during this time to meet our customers, fully comprehend the rationale for our deep customer relationships, appreciate the enormous expertise in our chosen verticals and horizontals and build an emotional bond with 10,000 Hexawarians.

### Our financial results

On the business side, 2014 was a period of significant transformation while keeping focus on consistent quarterly performance. Our financial results are a demonstration of the deep commitment each of our employees have to deliver innovative and outstanding service to our customers.

The company delivered excellent results in 2014. During the year, our sales grew 13%, our gross profit were 37% of sales and strong, positive cash flow from operations were ₹ 4129 mn. We have had a strong growth momentum in the past few quarters. The growth has been broad based with all verticals contributing to growth.

### Reinvigorating Innovation

Creating innovating services on a consistent basis is key to sustaining performance. To do this, we have created talented teams that are focused on new service development and defined top-down innovation themes.

We have also created a bottoms-up crowdsourcing mechanism which creates an outlet for the immense creativity and energy in our employees.

### Igniting Hexawarians

We are committed to creating policies and an environment that instills a sense of pride and passion in our employees. We have increased focus on communication with our employees in a transparent way on the company's vision, strategy, and progress. We are all 'Proud to be a Hexawarian'

### Improved Customer centricity

We are very proud of our long standing relationships with our customers. Many of our relationships are well over a decade long. Much of our growth will come from our existing customers and we are improving our engagement model with them and empowering our account teams to be champions of their customers within Hexaware.

**Looking ahead**

We are extending our reach to ensure seamless global delivery to our clients. We are expanding facilities in Chennai, and building a new campus in Pune. Overseas, we are adding capacity in Atlanta and Mexico. Finally, we will open a center in Poland in the second half of 2015.

We continue our growth investment in new services to enhance customer experience across both industry-specific and horizontal solutions. We have built deep domain expertise in our chosen verticals and plan to remain focused on our current verticals. The IMS industry has been the fastest growing service line for the industry and for Hexaware. We are reinvesting in this business as we believe that there is a lot of headroom for growth enabling superior speed, quality and improved customer experience.

**Our commitment to corporate responsibility**

Corporate responsibility is an enduring commitment for Hexaware. In 2014, we continued our tie-ups and initiatives to bring a smile to hundreds of under privileged children to whom our employees donated many hours and made generous monetary contributions in varied causes.

We have an enormous sense of hope in Hexaware about our future. Thank you for your support and confidence in us. We will continue to do our best to impassion our employees, delight our customers, innovate on services and thereby deliver superior returns to our shareholders.

Regards,

**R. Srikrishna**  
*Chief Executive Officer*



# The Board of Directors



## **STANDING FROM LEFT TO RIGHT**

**Mr. Basab Pradhan**, *Independent Director*  
**Mr. Kosmas Kalliarekos**, *Director*  
**Mr. R. Srikrishna**, *CEO & Executive Director*  
**Mr. Jack Hennessy**, *Director*  
**Mr. Jimmy Mahtani**, *Director*  
**Mr. Christian Oecking**, *Independent Director*

## **SITTING FROM LEFT TO RIGHT**

**Mr. Dileep C. Choksi**, *Independent Director*  
**Mr. Bharat Shah**, *Independent Director*  
**Mr. Atul K. Nishar**, *Chairman*  
**Mr. P. R. Chandrasekar**, *Vice Chairman*

## **NOT PICTURED**

**Dr. Punita Kumar-Sinha**, *Independent Director*  
*appointed w.e.f. March 26, 2015*

### **Mr. Atul K. Nishar**, *Chairman*

Mr. Nishar founded Hexaware Technologies in 1990. He has been the driving force providing the Company with strategic direction and marketing focus. Mr. Nishar is a Fellow of the Institute of Chartered Accountants of India (FCA) and received his Bachelor's Degrees in Commerce and Law from Mumbai University.

### **Mr. P. R. Chandrasekar**, *Vice Chairman*

*(retired as CEO of the Company w.e.f. July 28, 2014)*

Mr. Chandrasekar has vast experience in business development, channel development, mergers and acquisitions and other strategic initiatives. Mr. Chandrasekar holds a degree in Engineering from IIT Madras and has an MBA from the Jamnalal Bajaj Institute of Management Studies.

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

Mr. Srikrishna, also known as Keech, an extraordinary leader with a proven track record of building high performance teams, has been named as Young Global Leader of the Year in 2010 by the World Economic Forum. He is a specialist in the IT Operations sector with two decades' experience, the most recent of which is in the Infrastructure Services Division and the Life Sciences and Healthcare business at HCL Technologies. Mr. Srikrishna has completed his engineering from IIT Madras and MBA from IIM Calcutta.

**Mr. Kosmas Kalliarekos**, *Director*

Mr. Kalliarekos, Managing Director, Baring Private Equity Asia and Heads the firm's Portfolio Management Committee, has advised Baring Private Equity since 2004 and joined the firm on a full time basis in 2008. Mr. Kalliarekos holds B.S. in Economics from the Wharton School of the University of Pennsylvania and an MBA from Harvard Business School where he was a Baker Scholar.

**Mr. Jimmy Mahtani**, *Director*

Mr. Mahtani is the Managing Director at Baring Private Equity Asia and looks after Baring Private Equity's investments in India and South East Asia. Mr. Mahtani graduated with honors from Georgetown University, where he received a B.Sc. in Business Administration with a triple major in Finance, International Business and Marketing.

**Mr. Jack Hennessy**, *Director*

Mr. Hennessy is a Managing Director with Baring Private Equity Asia. He brings over 16 years of experience in the private equity industry and focuses on originating, monitoring and exiting MBOs. Mr. Hennessy received an MBA from INSEAD and completed his Bachelors' Degrees in both Engineering (with Honours) and Science from Monash University in Australia.

**Mr. Dileep C. Choksi**, *Independent Director*

Mr. Choksi, a Chartered Accountant by profession, has over 35 years of experience, his areas of expertise include tax planning and structuring for domestic and

international clients, finalising joint ventures, executive advisory and decision support, turnaround and change management strategies and analyzing tax impact of various instruments. Mr. Choksi is a Fellow Member of the Institute of Chartered Accountants of India, Bachelor of Law and Member of the Institute of the Cost and Works Accountants of India.

**Mr. Bharat Shah**, *Independent Director*

Mr. Shah is the Chairman of HDFC Securities Limited and was one of the founder members of HDFC Bank. Mr. Shah is Bachelors in Science from Mumbai University and also holds a Diploma in Applied Chemistry with special reference to Metal Finishing from Borough Polytechnic, London.

**Mr. Basab Pradhan**, *Independent Director*

Mr. Pradhan has had a successful career spanning IT Services, Technology and Consumer Marketing. He has worked with Infosys Ltd. for 13 years over two stints as Head of Global Sales & Marketing for the company. Mr. Pradhan has a Bachelor of Technology from IIT Kanpur and an MBA from IIM Ahmedabad.

**Mr. Christian Oecking**, *Independent Director*

Mr. Oecking was the CEO of the Global Outsourcing Business of Siemens IT Solutions and Services (SIS) that he joined in 1998 and became Member of the Board of Siemens AG in 2009. Mr. Oecking holds an Engineering Degree from the University of Dortmund.

**Dr. Punita Kumar-Sinha**, *Independent Director*

Dr. Kumar-Sinha is the Founder and Managing Partner, Pacific Paradigm Advisors, an independent investment advisory and management firm. Dr. Kumar-Sinha has twenty five years of experience in investment management in international and emerging markets, being one of the first foreign investors into India. Dr. Kumar-Sinha has a Ph.D. and a Masters in Finance from the Wharton School, University of Pennsylvania. Dr. Kumar-Sinha is also a Senior Advisor to a few leading Indian companies and serves as an Independent Director on many Boards.

# Delivering Value Together

At Hexaware, we strive to meet and exceed customer expectations by delivering value together as part of a global team.

We are a leading IT, BPS and consulting service provider worldwide. We offer services in Banking & Financial Services including Capital Market, Healthcare & Insurance, Travel & Transportation, Manufacturing and Services. Our operations began in 1990 and ever since inception we have built a high-performing global delivery model.

We deliver high-value business results and technology solutions with services in Application Development & Maintenance (ADM) and Enterprise Solutions including Human capital management, Business Intelligence & Analytics, Quality Assurance and Testing services, Remote Infrastructure Management Services and Business Process Services.

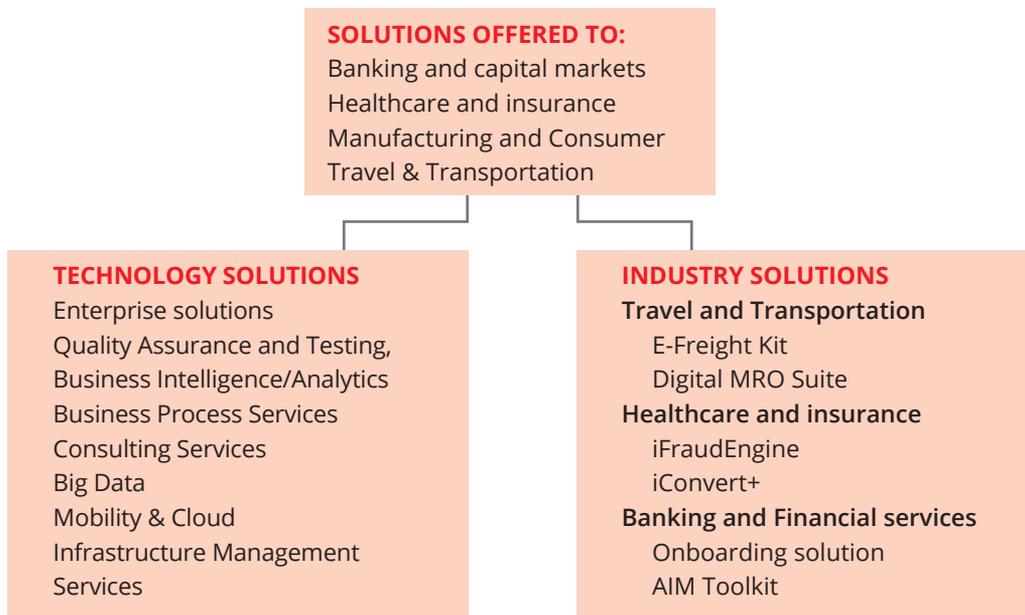


# Business Model

Hexaware's strengths lie in:

- Deep domain expertise in four Verticals
- Strong credentials in five chosen Horizontals
- Integrated offering on business process and technology
- Proven history of delivery excellence

With a robust presence in the travel and transportation, Banking and Finance including capital markets, Healthcare and insurance, enterprise application services, testing service segments, business analytics and infrastructure management services, Hexaware focuses on consistent delivery of innovative services, and is an established value-leader in providing Oracle's Peoplesoft application.



**₹ 25,817mn**  
Annual Revenue

**61**  
Million Dollar Clients

**31**  
Global Offices

**10,000+**  
Employees

**10<sup>th</sup>**  
Organisation in the world to receive Level 5 of the Multi-model Capability Maturity Model Integration (CMMI) Version 1.3

**236**  
Active Customers

# 2014 in Retrospect

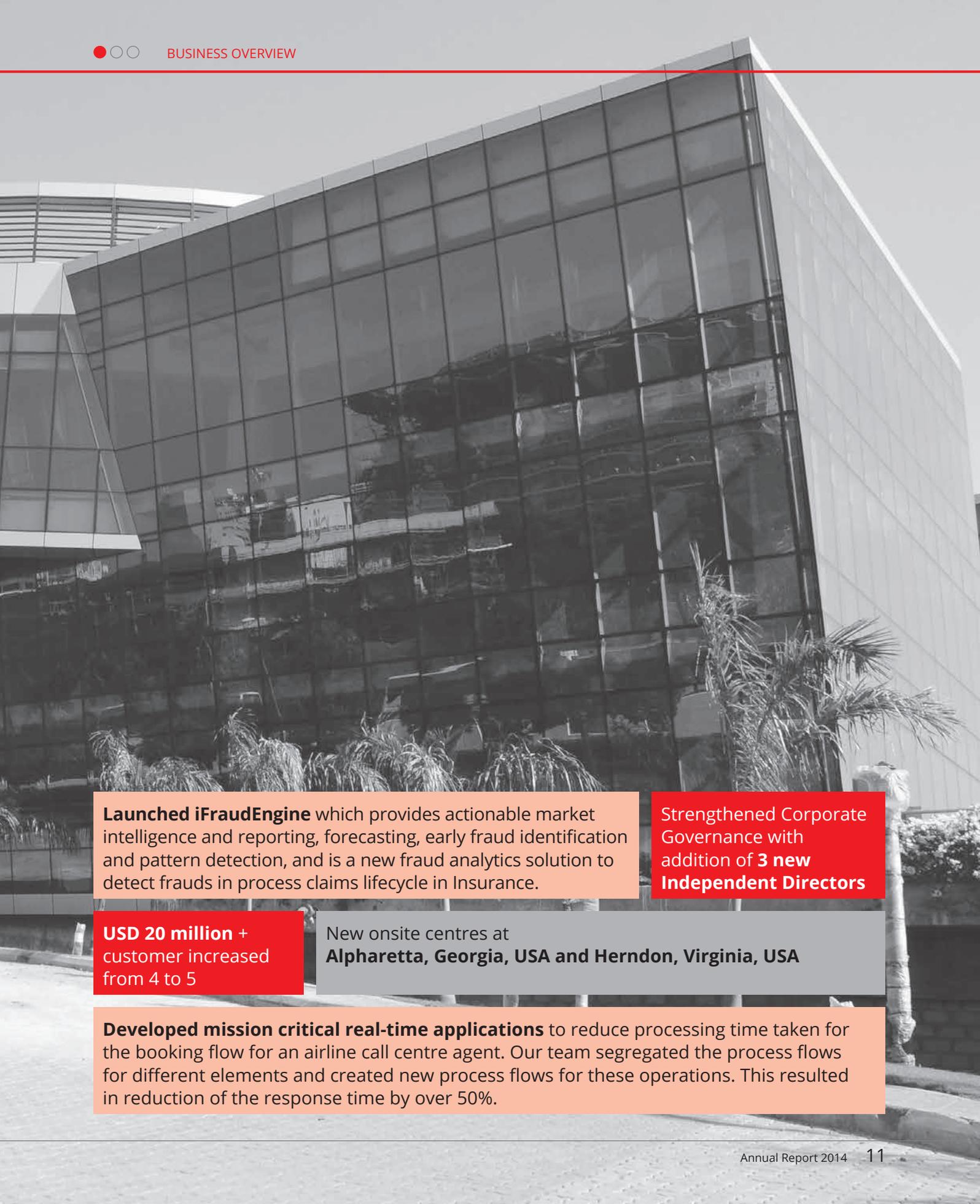
**Renewed large deal** with existing customer over USD 100 Million

Annual Revenue touched  
₹ **25,817 Million**

**Added 44 new clients:**  
20 in America, 12 in Europe  
and 12 in Asia Pacific region.

**Re-assessed at Level 5 of the Capability Maturity Model Integration (CMMI)**, using the multi-model approach for Development and Services version 1.3. The scope of the assessment covers software development, maintenance, testing, production support and infrastructure management services in its centres in India and Mexico.

**Actively participated in crowd sourcing analytics forums to solve data analytics challenges**, such as Kaggle, Crowd Analytix, Dextra, tackling data management in capital markets and other data relevant forecasting.



**Launched iFraudEngine** which provides actionable market intelligence and reporting, forecasting, early fraud identification and pattern detection, and is a new fraud analytics solution to detect frauds in process claims lifecycle in Insurance.

Strengthened Corporate Governance with addition of **3 new Independent Directors**

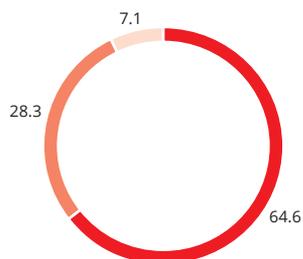
**USD 20 million +** customer increased from 4 to 5

New onsite centres at **Alpharetta, Georgia, USA and Herndon, Virginia, USA**

**Developed mission critical real-time applications** to reduce processing time taken for the booking flow for an airline call centre agent. Our team segregated the process flows for different elements and created new process flows for these operations. This resulted in reduction of the response time by over 50%.

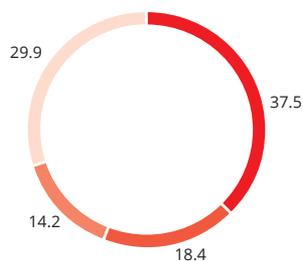
# Performing with Customer-first Approach

**Operating Revenue by Region (%)**



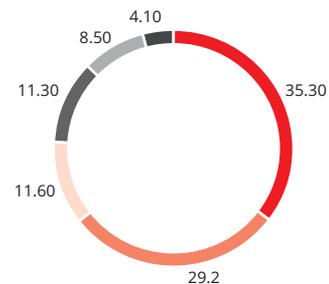
- America
- Europe
- Asia Pacific region/ROW

**Operating Revenue by Verticals (%)**



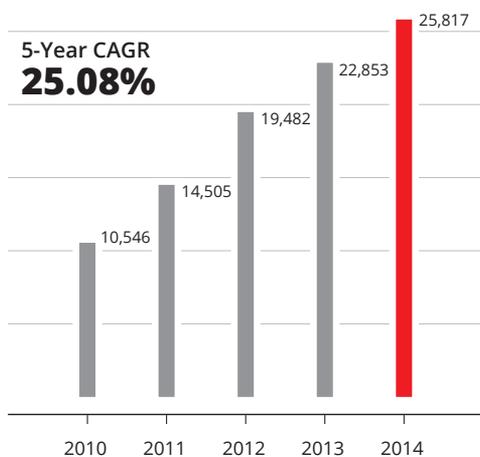
- Banking & Financial Services
- Travel & Transportation
- Healthcare & insurance
- Manufacturing & Services

**Operating revenue by Service lines (%)**

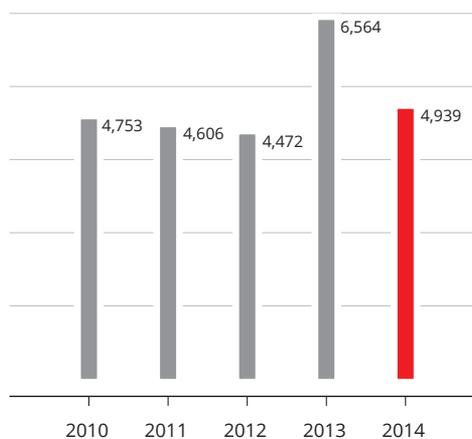


- Application Development & Maintenance
- Enterprise solutions
- Quality Assurance & Testing Services
- Business Intelligence & Analytics
- Infrastructure Management Services
- Business Process Services

**Revenue (₹ in Millions)**



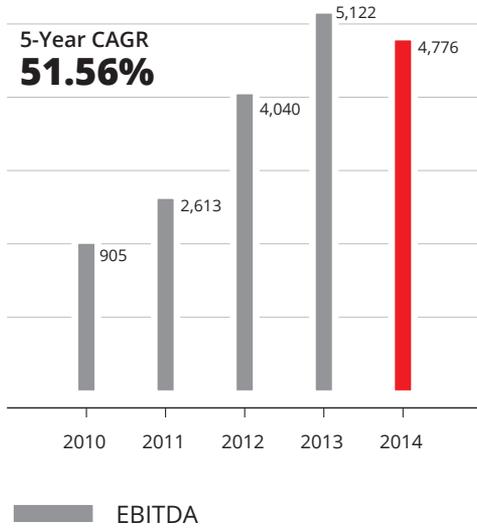
**Cash and Cash Equivalents (₹ in Millions)**





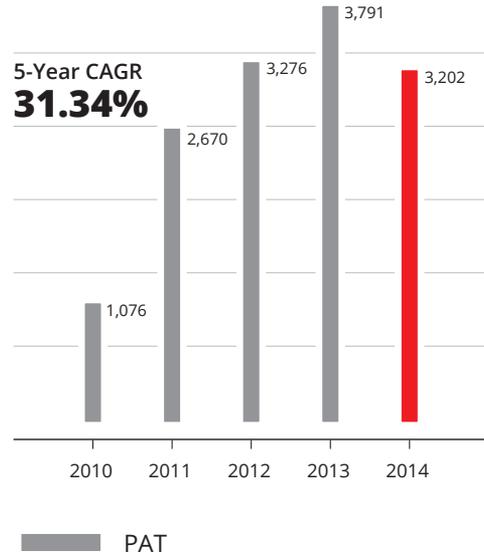
**EBITDA**

(₹ in Millions)



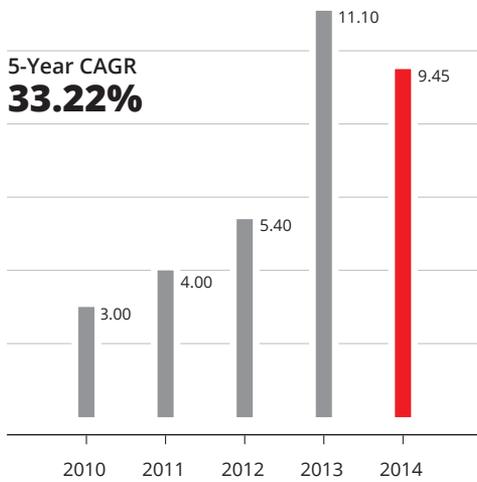
**PAT**

(₹ in Millions)



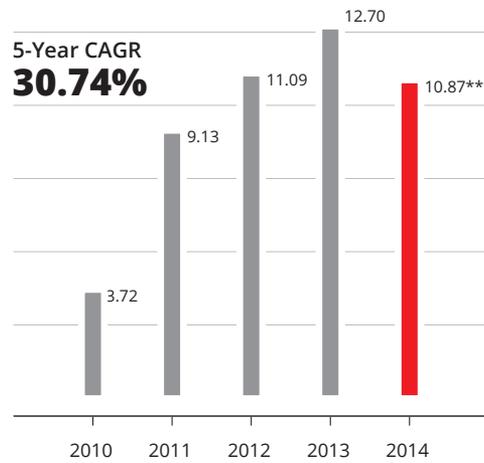
**Dividend Payout per share**

(in ₹)



**EPS\***

(in ₹)



\*Adjusted for bonus

\*\* Before exceptional item



# A Step Forward in Innovation

Technology is now transforming global businesses in ways that nobody could have imagined a few decades ago. In such an operating landscape, clients need innovative solutions to stay relevant in their industries and build value. As a leading global technology consultant, we have invested in infrastructure, people and processes to accelerate the pace of innovation.

Proliferating mobile technology and the onset of a new era of social business has empowered consumers with information and enriched them through networks that radically change expectations. This gets factored into our clients' requirements as well. At Hexaware, we integrate their enterprise operations with new software and technologies. We have launched innovative solutions in areas like travel and transportation, healthcare and insurance, banking and financial services.

## **Innovations in Travel and Transportation (T&T)**

Our innovations extend our customers' operating parameters, delivering higher service productivity and optimising their costs.

### **E-Freight Kit**

We partnered with one of our clients, one of the largest airlines globally, to develop a cost-effective technology enabler for handling airway billing processes seamlessly. Earlier, this was paper based. Our new application, E-Freight kit, allows accurate, paperless and timely electronic information exchange for partners in air cargo supply chain.

### **Digital MRO Suite**

Most Airlines and Maintenance-Repair-Overhaul (MRO) service providers use old legacy-based in-house MRO applications having outdated technologies. These old generation MRO applications take enormous time for data migration. Moreover, useful data on hard copy/PDF formats often lie scattered; these have to be converted to a digitised format or integrated and

stored in one common location such as a data mart or data warehouse. Besides this, airlines and MRO service providers hold excess inventory (including wrong parts).

### **Innovations in Insurance**

We provide comprehensive solutions in the Insurance sector—from assessing to planning and implementation to application development to maintenance support.

#### **iFraudEngine**

Insurers seek solutions which detect potential fraud at every phase of the product lifecycle, even at the quotation stage. This can lead to reduced premiums and drive customer service giving insurance players a sustainable competitive advantage. Using this engine, companies can do actionable market intelligence and reporting, forecasting, early fraud identification and pattern detection, thus reducing underwriting.

#### **Insurance Policy Conversion Solution (iConvert+)**

We delivered a seamless data conversion application that allows a smooth data migration causing minimum disruption to business. The innovative iConvert+ suite is an advanced data migration engine built specifically for use in insurance data migration projects and also helps to partner de-duplication and address validation to enhance partner data quality. It also gives cost savings from a unified system, in addition to savings from reduced business downtime.

### **Innovations in Banking and Financial Services**

#### **Onboarding solution**

Hexaware's Client On-Boarding Solution for Asset Manager by custodians for back office and mid office functions, which is a long and expensive exercise, aims to bring standardisation and reduces cost and time by following a repeatable process.

#### **AIM Toolkit**

Hexaware's AIM Toolkit is a comprehensive internal, regulatory and client reporting solution provides both pre-built and ad-hoc reporting tools and dashboards for portfolio management, risk management and performance management. This will help investment managers make informed decisions utilising standard

and self-service reports. Also, the one-screen data view will help CXOs in taking organisational level decisions.

### **Technology transformation through Business Analytics (BA/BI)**

#### **Big Leap**

This application helps enterprises elevate their data management capabilities by successfully adopting Big Data technologies in ways that guarantee rapid value. It includes a lab setup with pre-built adaptors for quick proof of concept for business value definition.

#### **Data Modernisation**

This application enables transition from heterogeneous/legacy applications driven by business process change, consolidation or M&A, performance considerations to a modern platform using data management best practices and innovative tools. It delivers low-cost, cloud-based managed service model for data migration, data quality services and reduces dependency on business users through Hexaware IP tools like HexaRule, Fuzzy Data Quality Kit, Business Glossary, DQ Dashboards.

#### **Dr. Hadoop (IP/technology solution accelerator)**

This tool is a Hadoop Migration Solution Accelerator for efficiently transferring the data structure, data content between structured databases and Hadoop. It speeds up DW augmentation programmes by saving 60 to 70% effort.

### **Innovation in Quality Assurance and testing**

#### **DT Compress**

Test automation utility to compare the source and target tables/files to validate business rules for transformations in ETL, data migration projects.

No tool investment required, accelerates the test execution cycle as it can compare a million records between the source and target data-bases in 10 min

#### **HexaBi - Test**

Automated Reports content validation tool for pre and post migration testing of reports.

Significant effort reduction in reports comparison testing as compared to a manual comparison

# Winning Big with Passion

Passion can break barriers and do the unthinkable. We are creating a global team of passionate go-getters, who can deliver winning solutions in multiple business verticals.

The cornerstone to winning in all verticals and in all service lines is having an engaged Team. Hence, we strive to make Hexaware a great place to work and attract and retain talent. We try to unleash the creativity, diversity and intellectual curiosity in our people. Our aim is to reduce internal complexity and build an employee-friendly working culture.



**10,016**

Employees work for us

**614**

Fresh graduate engineers joined us in FY 2014

**3,000+**

Women Employees

**14.1%**

Attrition among industry's lowest

**People-friendly initiatives**

- We continue with ESOPS and several innovative rewards for our people.
- Engaging the Generation Z employees means assisting them in career planning. We are launching a **Career Management System** that nurtures fresh talent as well as creates more competent leaders.
- Hexaware partnered with 'Great Places to Work (GPTW)' to launch **EMPOWER – an Employee Passion Survey**. The survey objective was to give employees across all functions a platform to voice their opinions and provide feedback on how they feel on being a 'Hexawarian'.
- Several employee engagement initiatives (exit interviews, flight risk management programme, fast trackers' programmes, employee grievance management, job rotation) are being implemented at different levels. These programmes help people achieve a decent work-life balance at the middle and higher levels.
- At entry level, employee-connect programmes, Know Your Organisation, Business etiquettes training, mentoring and buddy system and Trainee Forums help build a youth-friendly environment.

**Hexacare**

Our 'Hexacare' initiative contributes to the all-round development of employees including medical check-up camps, wellness programmes and spiritual awareness workshops.

- Health related workshops
- Medical camps
- Hexaware Kids' Day
- Yoga classes, stress management workshops
- Financial management
- Workshop for parents
- Self-defence workshops for women employees

**Motivation matters**

We promote talent from within the organisation by giving our employees challenging assignments. These assignments enable people to exercise their responsibility and creativity, and also help them grow themselves and our business. Internal promotions and vertical or horizontal movements of deserving candidates have increased employee morale and motivation.

Our work culture promotes meritocracy and we have in place an automated Performance Management System that is fair and objective. We are in the process of revamping our other HR policies, bringing them at par with the industry best practices.

**Proud Hexawarians**

We intend to create enthusiasm with our **'Back to Growth, Back to Fun'** Employee Engagement Campaign recreating a Brand Image for the HR department. We encourage employees to participate in competitions, activities and interact with each other, making them feel **'Proud to be a Hexawarian'**. We also conduct several people-driven activities like Open Houses, Happy Hours, Grow More Round table. Facilities like in-house counsellor, doctor-on-call and a full-fledged infirmary with paramedic support are also maintained to benefit our employees.

**Women empowerment**

We fully support an environment, which encourages advancement of our women employees. The strength of the women workforce has steadily increased to over 2800. In 2013, W@H (Women @ Hexaware) Forum was started in all locations in India. Under this programme, our women workforce is mentored, so that Hexaware has women leaders to take on more responsibilities in future.



## Differentiate and Delight

Yes, that is our guiding philosophy at Hexaware. We provide clients differentiated technology-based interventions to manage the growing complexities of their businesses. Our whole array of enterprise solutions is geared to increase flexibility and scalability of applications, reassuring clients and giving them a reason to smile.

SMAC (Social, mobility, analytics and cloud environments) offers significant opportunity for the industry and for us, and we are building new differentiators that will connect enterprise data and applications to the cloud.

## 236

Customers in 2014 include leading players in Banking and Financial Services, Travel and Transportation and Healthcare and Insurance segments

### Adding capabilities

We are adding capabilities to grow and constantly fine-tune business processes to deliver enhanced solutions to our clients. We have institutionalised customer delight processes, which also have direct senior management focus and attention.

We create customer value-adds to all projects and this ensures very high customer delight index. With these processes, we have retained some of our top customers for over a decade. These include large airlines in North America and relationships enduring since 1999. Consistently high Customer Delight Index scores for our clients is a business imperative as we continue to deliver periodic value-adds to find the best outcomes for our customers' businesses.

We have selected 22 differentiated services, from the existing service lines. These are more enriched offerings that will enable us to enter adjacent verticals.

### Putting customers first

Consistent customer focus is crucial to achieving customer delight and this is woven into the Company's training modules for every employee. Our employees are energised by a deeper customer focus. To deepen client relationships, we have invested in sales and marketing personnel; we have increased our capabilities in servicing, won new customers, and enhanced our field presence with technology proficient personnel and managers, complementing them with specialists in respective verticals. Thus, we have created more empowered account teams.

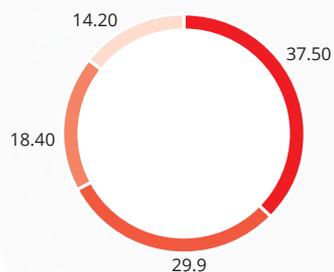
By establishing a formalised account management mechanism and building trusted relationships with our largest customers, we have grown profitably over the years.

### Clientspeak

"As in years past, I've said it many times and this time is no different, the QCK development team has a high sense of pride and ownership of the application and it is truly reflected in the quality of work delivered. The entire team strives to suggest alternative solutions when appropriate, and fully understand the business needs and reasoning. I am very grateful to be working with such a wonderful and hardworking group. Akila and Anil are competent, strong, supportive leaders and never fail to ensure that their staff is well trained, thoughtful and accommodating."

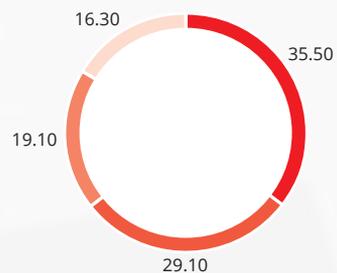
# Performance Review

**Vertical split (%): 2014**



- Banking & Financial Services
- Manufacturing & Others
- Travel & Transportation
- Healthcare & Insurance

**Vertical split (%): 2013**



- Banking & Financial Services
- Manufacturing & Others
- Travel & Transportation
- Healthcare & Insurance

## Performance Review

### **Banking & Financial Services including Capital Markets**

The Company offers several software tools and services across varied sectors like Asset Management, Asset Servicing, Capital Markets, retail banking, cards, corporate banking, leasing among others. These solutions cater to evolving needs of clients such as operational efficiency, process intelligence and standardisation, complex integration needs and delivery channels. Hexaware provides technology consulting services to assess client requirements and recommends a product-based or a custom-built leasing business solution.

Our global delivery model testing Centre of Excellence (CoE) framework, IPs and tool-based solutions result in a faster go-to-market.

### **Examples of our key offerings**

Our Client On-Boarding Solution is a IT-BPO offering aimed at bringing standardisation and reducing cost and time by following a repeatable process:

- BPM modelling, onboarding monitoring, operations support, SOP matching, data exchanger, meta-data management and testing
- Comprehensive workflow solution provides single view of the whole process and enables standardisation across assets and geographies

This solution is expected to result in ~40% reduction in overall cost and will increasingly reduce the time involved for Custodian banks. Secondary benefits also include the possibility to take more onboardings with parallel teams.

Our AIM Toolkit is a comprehensive internal, regulatory and client reporting solution. The solution provides both pre-built and ad-hoc reporting tools and dashboards for portfolio management, risk management and performance management. Hexaware differentiates by providing flexibility of cloud based, hosted and non-hosted model along with managed services for related IT and BPO services. We also plan to add regulatory and client reporting along with data library to help with performance calculations, benchmarks and regulations that vary for different countries. This will help investment managers make informed decisions utilising standard and self-service reports. Additionally, the one-screen data view will help CXOs in taking organisational-level decisions.

## Performance Review

### **Manufacturing and Services**

With more than 50 clients in the manufacturing sector globally, most of them being among the top 5 in segments like Industrial Manufacturing, Hi-Tech, EPC and other Discrete segments. We are well positioned, not only to improve quality, productivity and optimise costs, but also to provide value added offerings to customers which directly contribute to production throughput and margins.

On the shop floor, our offerings go beyond the traditional production planning and execution systems, to help manufacturers monitor their machine performance in real time through sensor data and holistically analyse and improve utilisation, cycle times and throughput using sophisticated pattern matching algorithms. Customers who are already using MES are also adopting these cutting edge analytical solutions to get a higher integrated performance

As manufacturers tend to maximise their profit mix through after-sales services for their installed products, there has been a spurt in the need for predicting part failures in the field, condition monitoring and proactive maintenance. Our offerings for such after-market needs, optimises the costs of warranty, enables accurate spare parts planning and drives seamless field services management. The underlying thread of connecting products, people and service processes, driven by analytical insights, has been a great area of interest for our customers to attain higher performance goals.

We also help clients in project based manufacturing to accurately estimate, monitor and control schedule and cost during engineering and construction project lifecycle, tracking project profitability, managing variances and enabling effective site management.



## Performance Review

### Travel and Transportation

We provide in-depth domain knowledge that helps our customers to address operational, quality, and cost challenges. Linking business and technology, with an aim to optimise costs and enhance customer experience, we create niche domain products and services across airlines and airports, travel and hospitality, transportation and logistics and rail IT. This means bringing multiple applications for:

- Passenger Services
- Revenue Management
- Car Rentals
- Hotels and Restaurants
- Travel Portals
- Motor Freight
- Shipping and Ports
- Ticket Retail and Reservation
- Crew Management
- Customer Loyalty

Our consultants offer 24/7 service to help our clients reach their objectives of quality customer experience with cost advantages and continuous process improvements.





## Performance Review

### **Healthcare & Insurance**

Hexaware combines technological expertise with industry knowledge to collaborate with major healthcare and life sciences companies.

Hexaware offers many services for both Payers and Providers-and also undertakes healthcare reform along internal systems and business operations, end consumer service among others.

We provide:

- Healthcare intelligence solutions
- Performance dashboards on financial, operations and clinical information
- Identification of KPIs for decision making, clinical research and decision support
- Identification of operational inefficiencies and Improving quality of care



## Insurance

We provide comprehensive solutions in the Insurance sector- from assessing to planning and implementation to application development to maintenance support. Our BPS team has a talented pool of qualified professionals (AICPCU/Life Office Management Association) and provides outsourcing services like back-end processing, claims adjudication among others.

### iFraudEngine

Insurers seek solutions which detect potential fraud at every phase of the product lifecycle, even at the quotation stage. This can lead to reduced premiums and drive customer service giving insurance players a sustainable competitive advantage. Using this engine, companies can do actionable market intelligence and reporting, forecasting, early fraud identification and pattern detection, thus reducing underwriting and claims leaks by over 45%. With a 360-degree approach and automated business rules, this engine uses advanced predictive modelling, text mining and anomaly detection. It also analyses relationships and patterns between individuals and groups involved in multiple claims and transactions, including social networking connections with known fraudsters.

### Insurance Policy Conversion Solution (iConvert+)

We delivered a seamless data conversion application that allows a smooth data migration causing minimum disruption to business. The innovative iConvert+ suite is an advanced data migration engine built specifically for use in insurance data migration projects and also helps to partner de-duplication and address validation to

enhance partner data quality. It also gives cost savings from a unified system, in addition to savings from reduced business downtime.

### Insurance Product Selection and Implementation Framework (iPSIF)

Hexaware's well-established Insurance Product Selection and Implementation Centre (iPSIC) has developed a complete framework for insurance product selection and implementation. We also help clients to short-list top 3 solutions for floating a RFP as well as finalising the solution, complete with price and contract negotiation.

### Hexaware's iEvaluator Solution

Hexaware iEvaluator contains comprehensive set of parameters to assess software on Business Functionality, Configurability, Usability and System Features. It also assesses the software on vendor standing in market as well as technical and data architecture, Integration abilities to check how easy it is to maintain and extend the system, how mainstream the technologies are, how reasonable the hardware requirements are and how well the vendor provides post deployment support.

# Sustainability at Hexaware

We have formulated comprehensive policies on Corporate Social Responsibility (CSR). Our operations revolve around our stakeholders. We are working on a roadmap to take up CSR projects and are putting in place CSR performance indicators for several thrust areas like environment, health and sanitation, sports, culture and arts, rural development and natural and disaster relief.

We have also commenced an initiative (H3O – ‘Helping Hands from Hexaware’) under which Hexawarians volunteer readily to spend their personal time with the less fortunate sections of society.



## Initiatives in 2014

### 'Wish Tree'

Hexaware CSR team worked with Child Help Foundation and 'Fulfill a Kids Wish' fulfilling orphan kids' wishes. Through Child Help Foundation we associated with 4 schools in Mumbai and fulfilled wishes of 182 children:

- Tiwari Z. P. School
- St. Gonsalo Garcia Ashram & School
- Amcha Ghar, Uttan
- Zilla Parishad School Rajavali

We also associated with schools in Pune and Mumbai to fulfill wishes of 52 children.

### Marathon

Like every year, Hexaware participated in the Standard Chartered Marathon 2015 on January 18, 2015 to support Helen Keller Institute for the Deaf & Blind and the Research society. There were 50 employees who participated in the Dream Run of 6 km. Our CEO and a few others ran the half marathon (21 km) to support the causes whole heartedly.

### 'Gift a school kit' initiative

'Seva Sahayog Foundation' is organising this initiative at our offices since the last four years. This year, employees sponsored school kits worth ₹ 300 per kit for disadvantaged children. They distributed school kits to 200 children.

### Give India Initiative

Hexaware partnered with Give India to implement a Payroll Giving program for our employees to contribute to improving the lives of those who really need help and impact the world positively.

November 2014 saw 805 of our employees at our Chennai campus turn into Give India's new donors helping Give India reach another milestone of 800+ donors.

### SWAG (Stuff with All Goodness)

Hexaware partnered with SWAG (Stuff with All Goodness), which thanks people and bring joy to our daily lives by giving them gifts in the winter festive season. Our employees also gifted street children clothes, toys, books and so on.

Moreover, Hexaware partnered with Aruna Chethana: a school for children with special needs, and distributed clothes, toys and other useful items donated by our employees to 182 children.



# Awards and Recognition

We were recognised for excellence in services across various categories. Some of our key achievements were:

- Hexaware's 2013 Annual Report was awarded the Plaque for excellence in financial reporting for the second consecutive year by the Institute of Chartered Accountants of India
- Silver winner of PeopleSoft Category at UK Oracle User Group Partner of the Year Awards 2014-2015
- Best Finance and Accounts Outsourcing Team 2014 at the National Awards for Excellence in Outsourcing and BPO, 2014 to transform business and achieve value
- Award for 'Most Preferred BPO Vendor' at the BPO Excellence Awards 2014
- 'CISO Hall Of Fame' award for excellence in the deployment and sustenance of Information security from CISO Platform (India)- awarded top 100 CISO awards consistently for last four years
- Ranked in the 'Forbes Asia's 200 Best Under a Billion List'
- Listed among the 'Top 100 Innovative Service Providers' by Global Services 100
- Ranked among leading IT service providers in International Association of Outsourcing Providers (IAOP) Global Outsourcing 100 list
- EMC Transformers award for Cloud and Disaster Recovery (DR) implementation
- 'Best in Corporate Responsibility Practice' award by Indy's Awards
- 'CIO100' award by IDG
- 'Excellence in Employee Engagement' award 2014 by International Data Corporation (IDC) insights
- Acknowledged for delivery capabilities by several Gartner reports
- 'Operational Excellence and Quality in BPO Industry' Award 2014 by the Asia Pacific HRM Congress felicitating our Business Process Services (BPS) for significantly influencing the corporate world in the area of Human Development

# The Management Team



**Mr. R Srikrishna,**  
*Chief Executive Officer*



**Mr. P R Chandrasekar,**  
*Vice Chairman*



**Mr. Rajesh Kanani,**  
*Chief Financial Officer*



**Mr. Ashok Harris,**  
*President-Global Delivery*



**Mrs. Amberin Memon,**  
*Chief People Officer*



**Mr. Rajiv Pant,**  
*President-North America Operations*



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



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



**Mr. Senthil Nayagam K.,**  
*SVP & Global Head -  
Manufacturing & Consumer*



**Mr. Amrinder Singh,**  
*Senior Vice President-Europe Operations*



**Mr. Amalesh Mishra,**  
*Vice President, APMEA Operations*



**Mr. Moorthi Chokkanathan,**  
*President & Global Head – Enterprise Solutions*



**Mr. Chinmoy Banerjee,**  
*SVP & Global Head -  
Hexaware Business Process Services*



**Mr. James Demos,**  
*Vice President*



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

# Ten Year Consolidated Financial Highlights

(₹ in Millions)

Parameters	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenue	25,817	22,853	19,482	14,505	10,546	10,386	11,519	10,398	8,482	6,787
EBITDA	4,776	5,122	4,040	2,613	905	1,976	1,201	900	1,283	1,134
EBIT	4,336	4,736	3,716	2,366	663	1,705	917	665	1,084	924
Profit Before Tax	4,247 #	4,795	4,040	3,075	1,168	1,445	745	1,233 #	1,363	1,012
Profit After Tax	3,202 **	3,791	3,276	2,670	1,076	1,342	590	71 **	1,242	915
Net Worth	12,906	11,992	12,038	10,162	9,655	8,497	6,625	7,059	7,395	3,474
Loan funds	-	-	-	-	112	163	195	-	0.34	62
Capital Expenditure	604	411	744	633	340	252	1,154	1,005	722	239
Cash and bank balance (including restricted balance & mutual funds)	4,939	6,564	4,472	4,606	4,753	4,118	2,849	3,147	3,350	1,121
<b>Performance ratios</b>										
EBITDA Margin (%)	18	22	21	18	9	19	10	9	15	17
EBIT Margin (%)	17	21	19	16	6	16	8	6	13	14
Net Profit Margin (%)	12	17	17	18	10	13	5	1	15	13
Tax / Total revenue (%)	4	4	4	3	1	1	1	1	1	1
Effective tax rate (%)	23	21	19	13	8	7	21	11	9	10
<b>Balance Sheet ratios</b>										
Return on average net worth (%)	26	32	30	27	12	18	9	1	23	30
Debt Equity ratio (%)	-	-	-	-	1	2	3	-	-	2
<b>Per Share Ratio</b>										
Dividend Payout Ratio (%)	105	103	57	51	47	18	28	219	23	18
Earnings Per Share – Basic (₹)	10.87	12.70	11.09	9.13	3.72 *	4.67 *	2.06 *	0.17 *	4.73 *	3.88 *
Cash Earnings Per Share (₹)	13.68	11.15	7.31	4.72	0.41	4.96	2.37	3.26	4.26	2.79

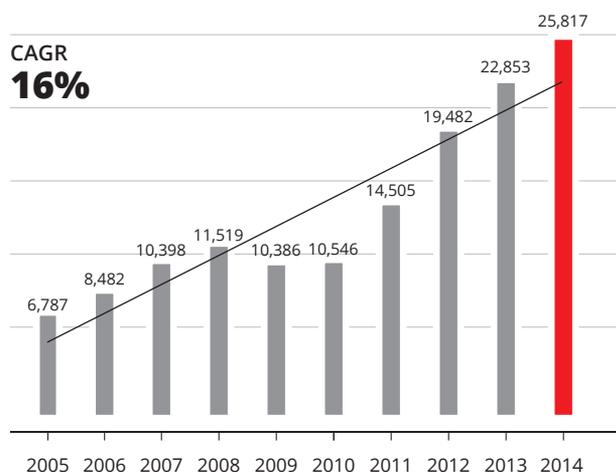
\* retrospectively adjusted for the bonus shares issued in 2011

# before Exceptional item

\*\* after exceptional item

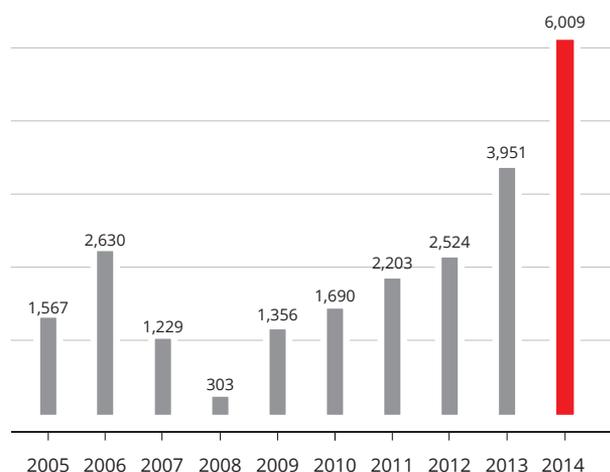
## Revenue growth

(₹ in Millions)



## Market capitalisation

(₹ in Crore)



# Notice

Notice is hereby given to all the members of Hexaware Technologies Limited (the "Company") that the Twenty Second Annual General Meeting of the Members of the Company will be held on Thursday, May 7, 2015 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, 2014 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 ₹ 9.45/- per equity share of ₹ 2/- each, already paid for the financial year ended December 31, 2014.

### 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 - Re-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 next Annual General Meeting and to fix their remuneration and to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 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. Deloitte Haskins & Sells LLP, Chartered Accountants, Mumbai with Registration Number 117366W / W - 100018 be and are hereby re-appointed as the Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting at a remuneration as may be mutually agreed to, between the Board of Directors and M/s. Deloitte Haskins & Sells 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. ORDINARY RESOLUTION

#### Appointment of Mr. Basab Pradhan as a Non-Executive Independent director

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

"RESOLVED THAT pursuant to the provisions of 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 Clause 49 of the Listing Agreement, Mr. Basab Pradhan (holding DIN 00892181), a non-executive Director of the Company, who is eligible for 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 appointed as an Independent Director of the Company to hold office for two consecutive years w.e.f. June 9, 2014 and shall not be liable to retire by rotation hereinafter in accordance with the provisions of the Companies Act, 2013."

### 7. ORDINARY RESOLUTION

#### Appointment of Mr. Christian Oecking as a Non-Executive Independent director

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

"RESOLVED THAT pursuant to the provisions of 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 Clause 49 of the Listing Agreement, Mr. Christian Oecking (holding DIN 03090264), a non-executive Director of the Company, who is eligible for 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 appointed as an Independent Director of the Company to hold office for two consecutive years w.e.f. June 26, 2014 and shall not be liable to retire by rotation hereinafter in accordance with the provisions of the Companies Act, 2013."

## Notice

### 8. ORDINARY RESOLUTION

#### Appointment of Mr. R Srikrishna as a Director liable to retire by rotation

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

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions of 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 Clause 49 of the Listing Agreement, Mr. R Srikrishna (holding DIN 03160121), a Director of the Company, who is eligible for 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, be and is hereby appointed as a Director of the Company liable to retire by rotation in accordance with the provisions of the Companies Act, 2013.”

### 9. ORDINARY RESOLUTION

#### Appointment of Mr. Jack Hennessy as a Non-Executive Director liable to retire by rotation

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

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions of 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 Clause 49 of the Listing Agreement, Mr. Jack Hennessy (holding DIN 06990208), a non-executive Director of the Company, who is eligible for 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, be and is hereby appointed as a Non - Executive Director of the Company liable to retire by rotation in accordance with the provisions of the Companies Act, 2013.”

### 10. ORDINARY RESOLUTION

#### Appointment of Dr. Punita Kumar-Sinha as a Non-Executive Independent Director

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

**“RESOLVED THAT** pursuant to the provisions of 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 Clause 49 of the Listing Agreement, Dr. Punita Kumar-Sinha (holding DIN 05229262), a non-executive Director of the Company, who is eligible for 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 her candidature for the office of Director, and who has submitted a declaration that she meets the criteria for Independence as provided in Section 149(6) of the Companies Act, 2013 be and is hereby appointed as an Independent Director of the Company to hold office for two consecutive years w.e.f. March 26, 2015 and shall not be liable to retire by rotation hereinafter in accordance with the provisions of the Companies Act, 2013.”

### 11. SPECIAL RESOLUTION

#### Amendment to Articles of Association of the Company

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

**“RESOLVED THAT** pursuant to Section 14 and all other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s), enactment(s) or re-enactment(s) thereof for the time being in force), the Articles of Association of the Company be and is hereby amended, as follows:

The Preamble and Article 90 (1) be deleted and substituted with the following:

**“Subject to the provisions of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) the remuneration payable to the Directors of the Company shall be as hereinafter provided:**

- (1) The maximum remuneration of a Director (other than managing or whole time Director, if any) shall be subject to such sum as may be prescribed by the Act or the Central Government from time to time for each meeting of the Board or of one or more Committee of the Board attended by him. The Directors including members of a Committee of Directors shall be paid such further remuneration, if any, either on the basis of percentage of the net profits of the Company or otherwise pursuant to the provisions of the Companies Act (including any statutory modification(s) or re-enactment thereof for the time being in force) / clauses of the listing agreement / provisions of other applicable laws, if any.”

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

### 12. SPECIAL RESOLUTION

#### Payment to Non-Wholetime Director

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

**“RESOLVED THAT** in supersession of the resolution passed by the shareholders at the Twentieth Annual General Meeting of the Company held on April 30, 2013 and pursuant to the provisions of clause (ii) of the second proviso to Section 197 (1) read with Section 197 (4) and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) read alongwith the Rules framed thereunder and pursuant to the provisions of clause 49 (II) (C) of

the listing agreement and other applicable clauses thereof, a sum not exceeding 1% (one per cent) per annum of the net profits of the Company calculated in accordance with the provisions of Section 198 of the Companies Act, 2013 be paid to and distributed amongst the Non-Wholetime Directors of the Company, for the year ended on December 31, 2014, in addition to sitting fees being paid to them for attending the meetings of the Board, to be divided amongst them in such manner as the Board of Directors of the Company may from time to time determine and deem fit and such payments shall be made in respect of the profits of the Company for the year;

**RESOLVED FURTHER THAT** pursuant to the provisions of clause (ii) of the second proviso to Section 197 (1) read with Section 197 (4) and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) read alongwith the rules framed thereunder and pursuant to the provisions of clause 49 (II) (C) of the listing agreement and other applicable clauses a sum not exceeding 1% (one per cent) per annum of the net profits of the Company calculated in accordance with the provisions of Section 198 of the Companies Act, 2013 be paid to and distributed amongst the Non- Wholetime Directors of the Company, for a period of 5 years from the financial year starting from January 01, 2015 in addition to sitting fees being paid to them for attending the meetings of the Board, to be divided amongst them in such manner as the Board of Directors of the Company may from time to time determine and deem fit and such payments shall be made in respect of the profits of the Company for each year;

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

### 13. SPECIAL RESOLUTION

#### Approval of Hexaware Technologies Limited Employee Stock Options Plan 2015 and grant of Employee Stock Options to the employees of the Company thereunder

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 Section 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013, and rules framed thereunder (as may be amended/substituted from time to time), the Memorandum and Articles of Association of the Company, Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (hereinafter referred to as "SEBI SBEB Regulations") and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, approval and consent of the Company be and are hereby accorded respectively to the 'Hexaware Technologies Limited Employee Stock Options Plan 2015' (hereinafter referred to as the "ESOP 2015"/ "Plan") and to the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee, including the Nomination and Remuneration / Compensation Committee which the Board has constituted to exercise its powers, including the powers, conferred by this resolution) to create, offer and grant from time to time such number of Employee Stock Options ("Options"), to the permanent employees including Directors (other than Promoters of the Company, Independent Directors and Directors holding directly or indirectly more than 10% of the outstanding Equity Shares of the Company), whether whole-time or otherwise, whether working in India or out of India, as may be decided solely by the Board under the Plan, exercisable into not more than 10,765,025 (One Crore Seven Lakh Sixty Five Thousand Twenty Five) fully paid-up Equity Shares in the Company in aggregate, of face value of ₹ 2 each, at such price or prices, in one or more tranches and on such terms and conditions, as may be determined by the Board/Nomination and Remuneration Committee in accordance with the provisions of the Plan and in due compliance with the applicable laws and regulations;

**RESOLVED FURTHER THAT** the Board and any committee formed for this purpose be and is hereby authorised to issue and allot Equity Shares upon exercise of Options from time to time in accordance with the ESOP 2015 and such Equity shares shall rank pari passu in all respects with the then existing Equity Shares of the Company;

**RESOLVED FURTHER THAT** the number of Employee Stock Options that may be granted to any employee including any Director of the Company (not being an independent director, promoter and directors holding directly or indirectly more than 10% of the outstanding equity shares), in any financial year under the ESOP 2015 shall be lesser than 1% of the issued Equity Share Capital (excluding outstanding warrants and conversions) of the Company;

**RESOLVED FURTHER THAT** in case of any corporate action(s) such as rights issues, bonus issues, change in capital structure, merger and sale of division/undertaking or other re-organisation, change in capital and others, if any additional Equity Shares are required to be issued by the Company to the Shareholders, the ceiling as aforesaid of 10,765,025 (One Crore Seven Lakh Sixty Five Thousand Twenty Five) Equity Shares shall be deemed to increase in proportion of such additional Equity Shares issued to facilitate making a fair and reasonable adjustment;

**RESOLVED FURTHER THAT** in case the Equity Shares of the Company are either sub-divided or consolidated, then the number of shares to be allotted and the price of acquisition payable by the Option Grantees under the schemes shall automatically stand augmented or reduced, as the case may be, in the same proportion as the present face value of ₹ 2/- per Equity Share bears to the revised face value of the Equity Shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the said allottees;

**RESOLVED FURTHER THAT** the Board/Nomination and Remuneration Committee be and is hereby authorized at any time to modify, change, vary, alter, amend, suspend or terminate the ESOP 2015 subject to the compliance with the applicable laws and regulations and to do all such acts, deeds, matters and things as may at its absolute discretion deems fit, for such purpose and also to settle any issues, questions, difficulties or doubts that may arise in this regard without being required to seek any further consent or approval of the Members and further to execute all such documents, writings and to give such directions and / or instructions as may be necessary or expedient to give effect to such modification, change, variation, alteration, amendment, suspension or termination of the ESOP 2015 and do all other things incidental and ancillary thereof;

## Notice

**RESOLVED FURTHER THAT** the Company shall conform to the accounting policies prescribed from time to time under the SEBI SBEB Regulations and any other applicable laws and regulations to the extent relevant and applicable to the ESOP 2015;

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to take necessary steps for listing of the securities allotted under the ESOP 2015 on the Stock Exchanges, where the securities of the Company are listed as per the provisions of the Listing Agreement with the concerned Stock Exchanges and other applicable guidelines, rules and regulations;

**RESOLVED FURTHER THAT** the Board, be and is hereby authorized to do all such acts, deeds, and things, as may, at its absolute discretion, deems necessary including to initiate all necessary actions for the preparation and issue of public announcement and filing of public announcement, if required, with the SEBI/Stock Exchange(s), and all other documents required to be filed in the above connection and to settle all such questions or difficulties whatsoever which may arise and take all such steps and decisions in this regard."

### 14. SPECIAL RESOLUTION

**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**

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 Section 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013, and rules framed thereunder (as may be amended/substituted from time to time), the Memorandum and Articles of Association of the Company, Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (hereinafter referred to as "SEBI SBEB Regulations") and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee, including the Nomination and Remuneration/ Compensation Committee which the Board has constituted to exercise its powers, including the powers, conferred by this resolution) to create, offer and grant from time to time such number of Employee Stock Options to the permanent employees including the Directors (other than Promoters of the Company, Independent Directors and Directors holding directly or indirectly more than 10% of the outstanding Equity Shares of the Company) whether wholtime or otherwise, whether working in India or out of India of any existing and future Subsidiary Company(ies) of the Company whether in or outside India, as may be decided solely by the Board under the 'Hexaware Technologies Limited Employee Stock Options Plan 2015' (hereinafter referred to as the "ESOP 2015"/ "Plan"), exercisable into not more than the overall ceiling of 10,765,025 (One Crore Seven Lakh Sixty Five Thousand Twenty Five) fully paid-up Equity Shares in the Company in aggregate, of face value of ₹ 2 each, as mentioned in resolution no. 13 above, at such price or prices, in one or more tranches and on such terms and conditions, as may be determined by the Board/Nomination and Remuneration Committee in accordance with the provisions of the Plan and in due compliance with the applicable laws and regulations;

**RESOLVED FURTHER THAT** the Board and any committee formed for this purpose be and is hereby authorised to issue and allot Equity shares upon exercise of Employee Stock Options from time to time in accordance with the ESOP 2015 and such Equity shares shall rank pari passu in all respects with the then existing Equity Shares of the Company;

**RESOLVED FURTHER THAT** the number of Employee Stock Options that may be granted to any employee including any Director of the Subsidiary Company(ies) (not being an independent director, promoter and directors holding directly or indirectly more than 10% of the outstanding equity shares), in any financial year under the ESOP 2015 shall be less than 1% of the issued Equity Share Capital (excluding outstanding warrants and conversions) of the Company;

**RESOLVED FURTHER THAT** in case of any corporate action(s) such as rights issues, bonus issues, change in capital structure, merger and sale of division/undertaking or other re-organisation, change in capital and others, if any additional Equity Shares are required to be issued by the Company to the Shareholders, the ceiling as aforesaid of 10,765,025 (One Crore Seven Lakh Sixty Five Thousand Twenty Five Equity Shares shall be deemed to increase in proportion of such additional Equity Shares issued to facilitate making a fair and reasonable adjustment;

**RESOLVED FURTHER THAT** in case the Equity Shares of the Company are either sub-divided or consolidated, then the number of shares to be allotted and the price of acquisition payable by the Option Grantees under the schemes shall automatically stand augmented or reduced, as the case may be, in the same proportion as the present face value of Rs. 2/- per Equity Share bears to the revised face value of the Equity Shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the said allottees;

**RESOLVED FURTHER THAT** the Board/Nomination and Remuneration Committee be and is hereby authorized at any time to modify, change, vary, alter, amend, suspend or terminate the ESOP 2015 subject to the compliance with the applicable laws and regulations and to do all such acts, deeds, matters and things as may at its absolute discretion deems fit, for such purpose and also to settle any issues, questions, difficulties or doubts that may arise in this regard without being required to seek any further consent or approval of the Members and further to execute all such documents, writings and to give such directions and or instructions as may be necessary or expedient to give effect to such modification, change, variation, alteration, amendment, suspension or termination of the ESOP 2015 and do all other things incidental and ancillary thereof;

**RESOLVED FURTHER THAT** the Company shall conform to the accounting policies prescribed from time to time under the SEBI SBEB Regulations and any other applicable laws and regulations to the extent relevant and applicable to the ESOP 2015;

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to take necessary steps for listing of the securities allotted under the ESOP 2015 on the Stock Exchanges, where the securities of the Company are listed as per the provisions of the Listing Agreement with the concerned Stock Exchanges and other applicable guidelines, rules and regulations;

**RESOLVED FURTHER THAT** the Board, be and is hereby authorized to do all such acts, deeds, and things, as may, at its absolute discretion, deems necessary to initiate all necessary actions for the preparation and issue of public announcement and filing of public announcement, if required, with the SEBI/Stock Exchange(s), and all other documents required to be filed in the above connection and to settle all such questions or difficulties whatsoever which may arise and take all such steps and decisions in this regard."

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

Sd/-

**Gunjan Methi**

Company Secretary

Date: April 7, 2015

Place: Mumbai

**Registered Office:**

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

**NOTES:**

1. The Explanatory Statements, for item nos. 6 to 14, pursuant to Section 102 of the Companies Act, 2013, are annexed hereto and form part of this notice. The relevant details as required under clause 49 of the Listing Agreements entered into with the Stock Exchanges, of persons seeking appointment / re-appointment as Directors under Item No. 3 & 4, 6 to 10 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. Members shall bring their copy of this notice for the Annual General Meeting.
5. 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.
6. 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 for voting through polling paper 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 polling paper. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on April 30, 2015 are entitled for remote e-voting on the Resolutions set forth in this 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 from Thursday, April 30, 2015 to Wednesday, May 6, 2015, both days inclusive, in terms of the provisions of Section 91 of the Companies Act, 2013 and the applicable Clauses of the Listing Agreement entered into with the Stock Exchanges.
9. Those Members who have so far not encashed their dividend warrants for the financial year 2008 onwards, may approach the Registrar and Share Transfer Agents, M/s. Sharepro Services (India) Private Limited, at Sharepro Services India Pvt Limited, 13AB Warehousing Complex, 2<sup>nd</sup> floor, Near Sakinanka Telephone Exchange, Off Andheri Kurla Road, Sakinaka, Andheri - East , Mumbai-400072 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.
10. Shareholders are requested to note that no claim shall lie against the said Fund or 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.

## Notice

11. A sum of ₹ 20,34,596/- has been transferred to the Investor Education and Protection Fund in the year 2014 towards unclaimed/unpaid dividend for the financial year 2006 and 2007.
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. Sharepro Services (India) Private Limited at the address mentioned elsewhere in the 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 Transfer Agents. Changes intimated to the Depository Participant will then be automatically reflected in the Company's records which will help the Company and its Registrar and Transfer Agents to provide efficient and better service to the Members. Members holding shares in physical form are requested to advise such changes to the Company's Registrar and Transfer Agents, Sharepro Services India Pvt. Ltd.
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/NECS 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. P R Chandrasekar and Mr. Atul Nishar, Directors of the Company retire by rotation and being eligible offer themselves for re-appointment. They are not related to any of the Directors of the Company. The information pertaining to the Director retiring by rotation to be provided in terms of Clause 49 of the Listing Agreement entered into with the Stock Exchanges are furnished in the Statement on Corporate Governance published in this Annual Report.

## EXPLANATORY STATEMENT FOR RESOLUTIONS MENTIONED UNDER ITEM NOS. 6 TO 14 PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

### Item no. 6, 7 & 10:

The Company had, pursuant to the provisions of Section 161 of the Act and applicable rules made thereunder and clause 49 of the Listing Agreement entered with the Stock Exchanges appointed Mr. Basab Pradhan (DIN 00892181), Mr. Christian Oecking (DIN 03090264) and Dr. Punita Kumar-Sinha (DIN 05229262) as Additional Directors (Independent Directors) in compliance with the requirements of the clause holding office upto the date of the ensuing Annual General Meeting.

The Company has received notices in writing from members along with the deposit of requisite amount under Section 160 of the Companies Act, 2013 proposing the candidature of Mr. Basab Pradhan, Mr. Christian Oecking and Dr. Punita Kumar-Sinha as Independent Directors of the Company.

The Nomination & Remuneration Committee has recommended and the Board has approved the appointment of Mr. Basab Pradhan, Mr. Christian Oecking and Dr. Punita Kumar-Sinha as Independent Directors as per their letters of appointment for a period of two years from June 9, 2014, June 26, 2014 and March 26, 2015, respectively.

Mr. Basab Pradhan, Mr. Christian Oecking and Dr. Punita Kumar-Sinha, 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 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.

The terms and conditions of the appointment of Mr. Basab Pradhan, Mr. Christian Oecking and Dr. Punita Kumar-Sinha as Independent Directors of the Company shall be open for inspection by the Members at the Registered Office of the Company during normal business hours on any working day, excluding Saturdays and Sundays and on the website of the Company at [www.hexaware.com](http://www.hexaware.com).

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

**Mr. Christian Oecking** born in Dortmund / Germany, holds an Engineering Degree from the University of Dortmund. In 1986, Christian started his professional business activities by developing software and related consulting services. In 1993, he joined EDS ("Electronic Data Systems"), Germany, where he started his career in global IT, and more specifically, IT Outsourcing. Later on, he became a member of the German management team of EDS. In 1998, Mr. Christian joined Siemens AG – Siemens Business Services, where he at first took over the responsibility for IT Outsourcing in Germany. In 2001, he became a member of the management board and was responsible for a 2.4 billion € global outsourcing business (Infrastructure and applications).

Mr. Christian Oecking's key focus was to profitably grow and to industrialize this business. He signed leading industry contracts and developed a global operations network with factories in Turkey, Philippines, India, Eastern Europe, Russia and many other locations, serving leading industry customers in all parts of the world.

In 2009 Mr. Christian Oecking was elected to be the CEO/Chairman of Siemens IT Solutions and Services (SIS) and became Member of the Board of Siemens AG. In the following 2 years he restructured the global 4.5 billion € business, harmonized it, pushed sales and finally handed SIS successfully over to ATOS in 2011.

Mr. Christian Oecking supports several companies with board memberships / independent directorate positions or advisory roles. Parallel to his business activities, he was co-founder of the Cloud / Outsourcing Group at BitKom in 2001, that he lead as a president for many years. Mr. Christian Oecking published several books about Application and Infrastructure Outsourcing.

**Mr. Basab Pradhan** has had a successful career spanning IT Services, Technology and Consumer Marketing. His longest tenure has been with Infosys Ltd. where he spent 13 years over two stints. For 5 of these 13 years at Infosys, Mr. Pradhan was Head of Global Sales & Marketing for the Company. From 2002 to 2005 he led the Company's sales organization as it grew from \$ 400 million to \$ 2 billion in revenues with industry leading margins. Mr. Pradhan now advises technology startups.

Mr. Pradhan has a Bachelor of Technology from the Indian Institute of Technology, Kanpur and an MBA from the Indian Institute of Management, Ahmedabad. He lives in the San Francisco Bay Area.

**Dr. Punita Kumar-Sinha** is the Founder and Managing Partner, Pacific Paradigm Advisors, an independent investment advisory and management firm. Dr. Kumar-Sinha has twenty five years of experience in fund management in international and emerging markets, being one of the first foreign investors into India.

Dr. Kumar-Sinha is also a Senior Advisor to a few leading Indian companies and serves as an Independent Director on many Boards. Dr. Kumar-Sinha has deep investment expertise, extensive corporate governance insights, and broad based relationships in USA and Asia, particularly in India. Prior to founding Pacific Paradigm Advisors in 2012 she was a Senior Managing Director of Blackstone Group, leading Blackstone Asia Advisors as the business unit head and Chief Investment Officer. At Blackstone Asia Advisors, Dr. Kumar-Sinha worked closely with Blackstone senior management on all business and investing activities including joint ventures and strategic alternatives for the Asia Advisors business unit. Dr. Kumar-Sinha was also the Senior Portfolio Manager for The India Fund (NYSE:IFN), the largest India Fund in the US for almost 15 years, The Asia Tigers Fund (NYSE:GRR), and The Asia Opportunities Fund L.P.

Dr. Kumar-Sinha has a Ph.D. and a Masters in Finance from the Wharton School, University of Pennsylvania. She received her undergraduate degree in chemical engineering with distinction from the Indian Institute of Technology, New Delhi. She has an MBA and is also a CFA Charter holder. Dr. Kumar-Sinha is a member of the CFA Institute, the Boston Security Analysts Society and the Council on Foreign Relations. She is a Charter Member and was a Board Member of TIE-Boston. Dr. Kumar-Sinha has recently been awarded the prestigious "Distinguished Alumni Award" from IIT Delhi.

## Notice

The information pertaining to the Directors to be appointed as provided in terms of Clause 49 of the Listing Agreement entered into with the Stock Exchanges is furnished in the Statement on Corporate Governance published in this Annual Report.

Mr. Basab Pradhan, Mr. Christian Oecking and Dr. Punita Kumar-Sinha are concerned or interested in the Resolutions of the accompanying notice relating to their own appointment and they are not related to any of the Directors of the Company. None of the Directors, key managerial personnel of the Company and their relatives are interested or concerned in the passing of the above resolution.

### **Item no. 8:**

Mr. R Srikrishna, CEO (DIN 03160121) of the Company was appointed as an Additional Director on the Board w.e.f. October 17, 2014 and holds 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 Act proposing the candidature of Mr. R Srikrishna as Director of the Company liable to retire by rotation.

#### **A brief profile of Mr. R Srikrishna is given below:**

Mr. R Srikrishna (Also known as Keech) is the CEO of the Company.

His role is to transform Hexaware to deliver world-class services to customers, become a great place to work for employees thereby creating and sustaining long term profitable growth.

He brings a great mix of leadership, inspiration, Technology expertise, operational experience, technical breadth, and passion for customer service. His past successes have been underpinned by his ability to build highly passionate leadership and organizations that jointly work to create long term success. He has also consistently spotted key market trends ahead of competition thereby creating differentiated new services. As a recognition of his leadership skills, he was named in 2010 as Young Global Leader of the Year by the World Economic Forum.

Prior to joining Hexaware, Mr. R. Srikrishna spent over 20 years at HCL Technologies where he was most recently the President of two businesses – The Life Sciences & Healthcare Business; and the Infrastructure Services Business. He was instrumental in growing these businesses into a multi-billion dollar juggernaut.

Mr. R. Srikrishna is an electrical engineer from IIT, one of the world's premier engineering education institutions and an MBA from one of India's top business schools – IIM, Calcutta.

The information pertaining to the Directors to be appointed as provided in terms of Clause 49 of the Listing Agreement entered into with the Stock Exchanges is furnished in the Statement on Corporate Governance published in this Annual Report.

Mr. R Srikrishna is not related to any of the Directors of the Company and except Mr. R Srikrishna, none of the Directors and key managerial personnel of the Company and their relatives are interested or concerned in the passing of the above resolution.

### **Item no. 9:**

Mr. Jack Hennessy (DIN 06990208) was appointed as an Additional Director on the Board w.e.f. November 5, 2014 and holds 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 Act proposing the candidature of Mr. Jack Hennessy as a Non-Executive Director of the Company liable to retire by rotation.

#### **A brief profile of Mr. Jack Hennessy is given below:**

Mr. Hennessy is a Managing Director with Baring Private Equity Asia ("Baring Asia") and is based in the Singapore office. He brings over 16 years experience in the private equity industry and focuses on originating, monitoring and exiting MBOs.

Mr. Hennessy focuses on the education, retail, consumer, health care and financial services sectors. He serves as a member of Baring Asia's Investment Committee. Mr. Hennessy was an Adjunct Professor at INSEAD from 2006 to 2008 where he taught the Leveraged Buyout (LBO) course. He received an MBA from INSEAD and Bachelors Degrees in both Engineering (with Honours) and Science from Monash University in Australia.

The information pertaining to the Directors to be appointed as provided in terms of Clause 49 of the Listing Agreement entered into with the Stock Exchanges is furnished in the Statement on Corporate Governance published in this Annual Report.

Mr. Jack Hennessy is not related to any of the Directors of the Company and except Mr. Jack Hennessy, Mr. Jimmy Mahtani and Mr. Kosmas Kalliarekos, none of the Directors and key managerial personnel of the Company and their relatives are interested or concerned in the passing of the above resolution.

### **Item no. 11 & 12:**

The members may note that except with the approval of the Company in General Meeting the remuneration payable to directors who are neither managing directors nor whole-time directors shall not exceed, one per cent of the net profits of the Company, if there is a managing or whole-time director or manager. Further, such remuneration shall be determined, in accordance with and subject to the provisions of section 197 of Companies Act, 2013, either by the articles of the Company, or by a resolution or, if the articles so require, by a special resolution, passed by the Company in general meeting.

The existing Article 90 of the Articles of Association of the Company provides for passing of special resolution of the shareholders for payment to directors based on percentage of the net profits of the Company. Hence, the Special resolution at Item no 12 is proposed to the shareholders to approve payment to the non – executive directors of the Company for the Financial Year 2014 based on percentage of the net profits of the Company.

Moreover, the amendment in the articles is for deleting the provision of passing special resolution for making payment to non whole time directors based on percentage of net profits as per the applicable provisions in the Companies Act and other applicable laws / regulations.

Moreover, clause 49 (II) (C) of the listing agreement prescribes that all fees / compensation, if any paid to non-executive directors, including independent directors, shall be fixed by the Board of Directors and shall require previous approval of shareholders in general meeting. Hence, it is proposed to the members to pass enabling resolution to allow payment to non executive ( non whole time directors) under applicable provisions of Companies Act / Listing Agreement / other applicable laws for a period of 5 years from the Financial Year starting from January 1, 2015.

Hence, the Company shall not be required to pass shareholders resolution for making payment to non whole time directors every year provided such payments are within the cap provided under Section 197 of the Companies Act, 2013.

None of the Directors and key managerial personnel of the Company are interested or concerned in the passing of the above resolution other than the non whole time directors who receive payment based on percentage of profits.

**Item no. 13 and 14:**

Equity based compensation is considered to be an integral part of employee compensation across sectors which enables alignment of personal goals of the employees with organizational objectives by participating in the ownership of the Company through share based compensation scheme/ plan. Your Company believes in rewarding its employees including Directors of the Company as well as that of the Subsidiary Company(ies) for their continuous hard work, dedication and support, which has led the Company and the Subsidiary Company(ies) on the growth path. The Company intends to implement Hexaware Technologies Limited Employee Stock Options Plan 2015 ("ESOP 2015"/ "Plan") with a view to attract and retain key talents working with the Company and its Subsidiary Company(ies) by way of rewarding their performance and motivate them to contribute to the overall corporate growth and profitability.

Pursuant to provisions of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (SEBI SBEB Regulations), the Company seeks members' approval in respect of ESOP 2015 and grant of Options to the eligible employees/ Directors of the Company and that of its Subsidiary Company(ies) as decided by the Nomination and Remuneration Committee from time to time in due compliance of the SEBI SBEB Regulations.

The main features of the ESOP 2015 are as under:

**1. Maximum number of Options to be granted:**

Such number of Options would be available for grant to the eligible employees and directors of the Company and its Subsidiary Company(ies) under ESOP 2015, in one or more tranches, as would be exercisable into shares not exceeding more than 10,765,025 (One Crore Seven Lakh Sixty Five Thousand Twenty Five) Equity Shares in the Company of face value of ₹ 2/- each fully paid-up.

Vested Options lapsed due to non-exercise and/or unvested Options that get cancelled due to resignation/ termination of the employees or otherwise, would be available for being re-granted at a future date. The Board / Nomination and Remuneration Committee is authorized to re-grant such lapsed / cancelled Options as per the provisions of ESOP 2015, within overall ceiling.

The SEBI SBEB Regulations require that in case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division, and others, a fair and reasonable adjustment needs to be made to the Options granted. Accordingly, if any additional Equity Shares are required to be issued pursuant to any corporate action, the above ceiling of Equity Shares shall be deemed to increase in proportion of such additional Equity Shares issued subject to compliance of the SEBI SBEB Regulations.

**2. Identification of classes of employees entitled to participate in ESOP 2015:**

Following classes of employees are entitled to participate in ESOP 2015:

- a) Permanent employees of the Company working in India or out of India;
- b) Directors of the Company whether whole time director or not; and
- c) Permanent employees and Directors of the Subsidiary Company(ies) in India or outside.

Following persons are not eligible:

- a) an employee who is a Promoter or belongs to the Promoter Group;
- b) a Director who either by himself or through his relatives or through any body corporate, directly or indirectly holds more than 10% of the outstanding Equity Shares of the Company; and
- c) an Independent Director within the meaning of the Companies Act, 2013 and Clause 49 of the Listing Agreement as prescribed by the Securities Exchange Board of India (SEBI) as applicable.

**3. Transferability of Employee Stock Options:**

The Options granted to an employee shall not be transferable to any person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any manner. However, in the event of the death of the employee or director, the right to exercise all the Options granted to him till such date shall be transferred to his legal heirs or nominees.

**4. Requirements of vesting and period of vesting:**

The Options granted shall vest so long as an employee continues to be in the employment of the Company or the Subsidiary Company as the case may be. The Nomination and Remuneration Committee may, at its discretion, lay down certain performance

## Notice

metrics on the achievement / non-achievement of which such Options would vest, the detailed terms and conditions relating to such performance-based vesting, and the proportion in which Options granted would vest, subject to the minimum vesting period of 1 year.

**5. Maximum period within which the Options shall be vested:**

Options granted under ESOP 2015 would vest subject to maximum period of 4 years from the date of grant of such Options .

**6. Exercise price or pricing formula:**

The Exercise price per Options shall be the price as decided by the Nomination and Remuneration / Compensation Committee ("Exercise Price").

**7. Exercise period and the process of Exercise:**

The vested Options shall be allowed for exercise on and from the date of vesting. The vested Options need to be exercised within a maximum period of 3 years from the date of vesting of such Options.

The vested Options shall be exercisable by the employees by a written application to the Company expressing his/ her desire to exercise such Options in such manner and on such format as may be prescribed by the Nomination and Remuneration Committee from time to time. The Options shall lapse if not exercised within the specified exercise period.

**8. Appraisal process for determining the eligibility of employees under ESOP 2015:**

The appraisal process for determining the eligibility of the employees will be decided by the Nomination and Remuneration/ Compensation Committee from time to time.

The employees would be granted Options under the ESOP 2015 based on various parameters such as performance rating, period of service, rank or designation and such other parameters as may be decided by the Nomination and Remuneration / Compensation Committee from time to time.

**9. Maximum number of Options to be issued per employee:**

The number of Options that may be granted to any specific employee of the Company or of its Subsidiary Company under the Plan, in any financial year under the ESOP 2015 shall be less than 1% of the issued Equity Share Capital (excluding outstanding warrants and conversions) of the Company.

**10. Accounting and Disclosure Policies:**

The Company shall follow the 'Guidance Note on Accounting for Employee Share-based Payments and/or any relevant Accounting Standards as may be prescribed by the Institute of Chartered Accountants of India from time to time, including the disclosure requirements prescribed therein.

**11. Method of Options Valuation:**

To calculate the employee compensation cost, the Company shall use the Intrinsic Value method or any other method as prescribed under the Accounting Standards for valuation of the Options granted. The difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the Options and the impact of this difference on profits and on EPS of the company shall also be disclosed in the Directors' Report.

Consent of the members is being sought pursuant to Section 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013 and rules framed thereunder and as per Regulation 6 of the SEBI SBEB Regulations.

A copy of the ESOP 2015 shall be kept for inspection by the members on all working days between 10.00 a.m. to 1.00 p.m. till the date of the Annual General Meeting at the Registered Office of the Company.

None of the Directors, Key Managerial Personnel of the Company including their relatives are interested or concerned in the resolution, except to the extent of their entitlements, if any, under the Plan.

The Directors recommend the resolutions for your approval.

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

Sd/-

**Gunjan Methi**

Company Secretary

Date: April 7, 2015

Place: Mumbai

**Registered Office:**

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

# Directors' Report

## TO THE MEMBERS,

The Directors are pleased to present their Twenty-Second Annual Report, on the business and operations of the Company, Hexaware Technologies Limited (hereafter referred to as 'The Company') together with audited accounts for the financial year ended December 31, 2014.

### Financial Performance:

#### Global Operations:

(USD million)

Year ended December 31, 2014	FY 2014	FY 2013
Income from operations	422.40	387.79
EBITDA	78.09	86.58
Profit from operations *	70.89	80.00
Profit before tax and exceptional item	69.49	81.47
Profit before tax	68.43	81.47
Profit after tax	52.38	64.43

(₹ million)

Year ended December 31	FY 2014	FY 2013
Income from operations	25,816.77	22,853.48
EBITDA	4,775.60	5,122.30
Profit from operations *	4,335.88	4,736.26
Add: Exchange rate (loss) / gain (net)	(307.84)	(311.99)
Less: Interest	8.98	2.04
Add: Other income	227.76	372.74
Profit before tax and exceptional items	4,246.82	4,794.97
Less: Exceptional items	65.63	-
Profit before tax	4,181.19	4,794.97
Less: Provision for taxation	979.67	1,003.62
Profit after tax	3,201.52	3,791.35

\*excludes Exchange rate difference, Interest, Other income and Provision for taxation

#### India Operations:

(₹ million)

Year ended December 31, 2014	FY 2014	FY 2013
Income from operations	11,545.56	10,199.54
EBITDA	3,918.89	4,320.12
Profit from operations *	3,527.20	4,009.82
Add: Exchange rate (loss) / gain (net)	295.89	(241.43)
Less: Interest	8.35	1.35
Add: Other income	594.80	333.23
Profit before tax	3,817.76	4,100.27
Less: Provision for taxation	633.80	760.61
Profit after tax	<b>3,183.96</b>	<b>3,339.66</b>
Add : Balance brought forward from previous year	2,703.83	3,822.01
Add: On merger of Caliber Point Business Solutions Limited	352.91	-
Add: Transfer from Special economic zone reinvestment Reserve	118.93	-
Balance available for appropriation	<b>6,359.63</b>	<b>7,161.67</b>
<b>Appropriation</b>		
Transfer to general reserve	-	334.00
Interim dividend	2,840.97	3,030.77
Proposed final dividend	-	300.27
Tax on dividends	479.69	568.86
Transfer to Special economic zone reinvestment Reserve	176.38	223.94
Balance carried to balance sheet	<b>2,862.59</b>	<b>2,703.83</b>

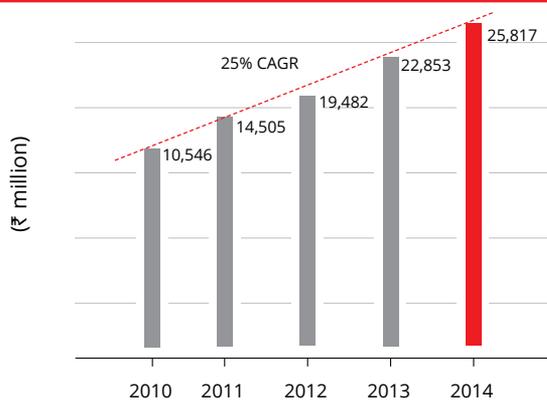
# Directors' Report

## Results of Operations

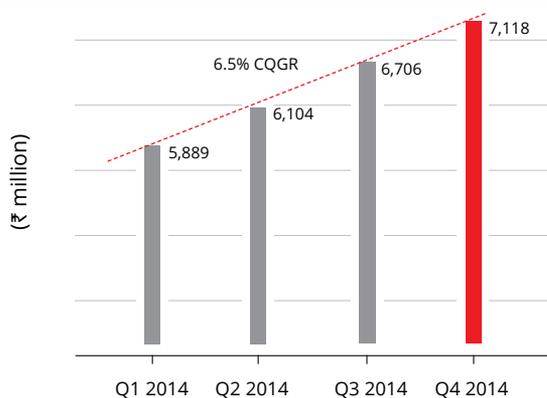
### a) Global operations:

Income from operations increased to ₹ 25,816.77 million in 2014 from ₹ 22,853.48 million in 2013, growth of 12.97%. The growth in Dollar terms was 8.9%, reaching USD 422.40 million. Growth was driven largely by volume increase, aided by increased realized bill rates, 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 ₹ 4,335.88 million in 2014 as against ₹ 4,736.26 million in 2013. The decrease was largely on account of increase in onsite business which is primarily low margin business in comparison of offshore, additional investment in sales and increased admin cost for growth.. Profit after tax stood at ₹ 3,201.52 million in 2014 as compared to a profit of ₹ 3,791.35 million in 2013. PAT margins were at 12.4% in Rupee terms.

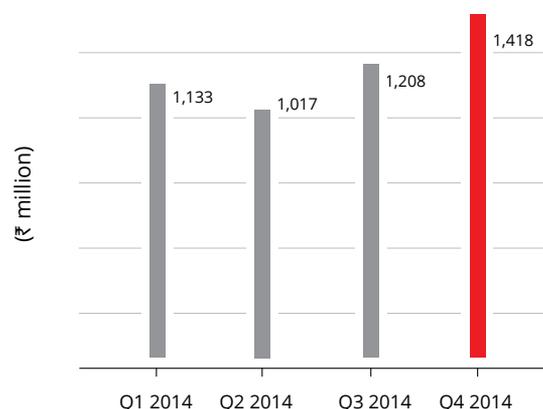
### Income from operations



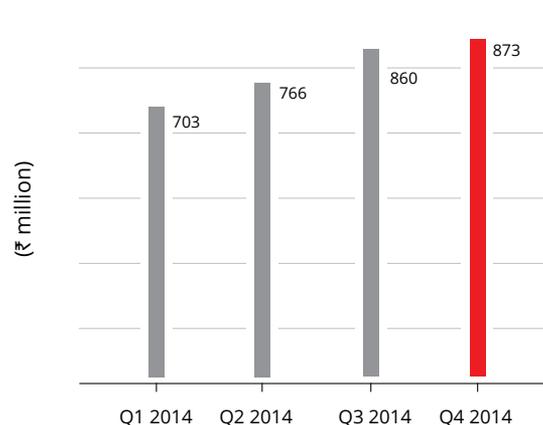
### Income from operations



### 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 those disclosed in the financial statements.

### Company's major achievements in 2014

During the year 2014, 44 new clients were added. This took the total number of active clients to 236 in Q4-2014.

During 2014, the number of clients registering annual revenues in excess of USD 20 million each increased from 4 to 5; 3 clients in the USD 10 million - USD 20 million range, 13 clients in the USD 5 million - USD 10 million range, 40 clients in the USD 1 million - USD 5 million category.

### b) India operations:

In the year 2014, the revenue of the standalone legal entity increased by 13.2% to ₹ 11,545.56 million. This is in comparison with revenue of standalone legal entity at ₹ 10,199.54 million in the previous year. The net profit after tax was ₹ 3,183.96 million as compared to a profit of ₹ 3,339.66 million in 2013.

### Share capital

The paid-up Share Capital of the Company as on December 31, 2014 was ₹ 601.85 million comprising of 300,923,472 Equity

Shares of ₹ 2/- each. During the year 1,047,525 shares were issued under different ESOP schemes.

The market capitalization of the Company as on December, 31, 2014 was at ₹ 60,094 million (USD 973.98 million). The market capitalization is calculated on the basis of closing prices of ₹ 199.70 on The National Stock Exchange and the closing exchange rate of 1 USD = ₹ 61.70 as of December 31, 2014.

### Reserves

The Company did not transfer any amount to General Reserve this year. During the year due to merger of wholly owned subsidiary Caliber Point Business Solutions Limited (CP) an amount of ₹ 258.88 million, ₹ 41.12 million and ₹ 352.91 million has been added to General Reserve, Securities premium and to the Profit and Loss Account respectively. With this addition, the total General Reserve as on December 31, 2014 is at ₹ 2,135.75 million. Further, the balance in the P&L Account is ₹ 2,862.59 million.

**Forex Mark-To-Market:** The year-end Hedging Reserve stood at a loss of ₹ 253.01 million, as compared to loss of ₹ 1,176.45 million in the previous year. This is in accordance with the principles of recognition and measurement for accounting of forward exchange contracts and derivative contracts of Accounting Standard (AS)-30. In summary, total reserves stood at ₹ 9,771.53 million, including ₹ 4,741.93 million of Securities Premium account.

### Dividend

During the year 2014, the Company paid four interim dividends on equity shares, Q1 – ₹ 3.00 (150%), Q2 – ₹ 1.60 (80%), Q3 – ₹ 2.35 (117.5%), Q4 – ₹ 2.50 (125%). This brings the interim dividends for the four quarters of 2014 to ₹ 9.45 per share (472.5%).

The Board of Directors has not recommended payment of any final dividend. The total cash outgo for dividend declare in 2014 on account of interim dividend & tax thereon amounts to ₹ 3,374.57 million.

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

	Q1	Q2	Q3	Q4	Total
Dividend	900.97	480.52	707.17	752.31	2,840.97
Tax	153.12	81.66	144.79	154.03	533.60
<b>Total</b>	<b>1,054.09</b>	<b>562.18</b>	<b>851.96</b>	<b>906.95</b>	<b>3,374.57</b>

### Investment

#### Subsidiaries and Branches:

During the year Caliber Point Business Solutions Limited, a wholly owned subsidiary of the Company got merged into Hexaware Technologies Limited as approved by the Bombay High Court vide order dated October 10, 2014 with the appointed date of April 1, 2013. The merger has been accounted as per pooling of interest method.

Hexaware has additionally invested in another wholly owned subsidiary Company, Risk Technology International Limited to the tune of ₹ 8.5 crores by subscribing to its share capital.

#### Infrastructure:

A tangible signature of the Company's growth aspirations is its investment in infrastructure. The Company has invested ₹ 604 million in 2014 for expanding its physical and technical (IT) infrastructure globally. The majority of investment was done in Siruseri phase 1, phase 2 (new project) and in Pune for starting new project for creating new SEZ facilities. Company is planning to cater need of long term future and ensure that it motivates its dynamic team to provide quality support for its global sales and 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 1500 employees working from these centers having capacity of 1650 employees. The Company's BPS arm operates out of another building in the same complex, with 800 employees - providing BPS services to its global clients.

##### Chennai:

There are around 3200 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 Hexaversity – 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 6,000 seats in Phase 1. The Company has just started with construction for Phase 2, with planned completion by June 2016 with approximately 3,700 seats. The BPS arm also operates out of another facility in Chennai with over 600 employees working from the facility.

##### Pune:

In Pune, the Company has ODC at Rajiv Gandhi InfoTech Park in Hinjewadi SEZ (currently on lease) with 509 employees working from the centre. Company is also planning to create new facility – SEZ development centre for 2000 seats through its wholly owned subsidiary – Risk Technology International Limited which got approval for developing SEZ facility on land acquired from MIDC at Hinjewadi phase 3.

##### Nagpur:

The Company owns 20 acres of land in Nagpur, a tier II city, at an SEZ location. This facility is currently operational with around 170 professionals and has seating capacity to accommodate 1000 professionals.

##### 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 300. 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 231 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. The Company also has a GDC at Jamesburg to cater to the needs of the customer.

## Directors' Report

### Alpharetta, GA (USA)

The Company has Global Delivery Centre (GDC) at Alpharetta in the state of Georgia, USA with employees strength of around 140.

### Herndon, VA (USA)

The Company has Global Delivery Centre (GDC) at Herndon in the state of Virginia, USA with employees strength of around 100.

### Saltillo (Mexico):

The Company has a strong presence in Mexico with a near-shore Delivery Centre at Saltillo with employee's strength of around 300. While Mexico offers cost competitiveness compared to the United States of America, the country also provides immense benefits in the form of same time zone, enables immediate response and access to a vast talent pool and an untapped emerging market. The Company intends to leverage its near shore Delivery Centre to cater to several global clients as an addition to the other existing options of continuing operations in the USA or in the Company's locations in India.

### Global Cash Position

The cash generated from operations in 2014 was ₹ 4,129 million. Inflow on account of treasury operations (interest income on the investments made and dividend received from Mutual Funds) was ₹ 268 million. The Company has redeemed money from Mutual Fund amounting to ₹1,528 million. The Company has invested ₹ 604 million in fixed assets. During the year, the Company paid dividend including dividend tax of ₹ 5,400 million. The Company has received ₹ 48 million from issue of shares. As of December 31, the cash position of the Company was ₹ 3,088 million, equivalent in USD 49 million. Including the Mutual Fund investments (cash equivalent), the total cash & cash equivalents was at ₹ 4,939 million equivalent USD 78.35 million.

### Human Resource Capital

The Company recognizes that "Human Capital" is the most valuable asset and its focus is to have more passionate employees. The Company has a robust and inclusive ecosystem in place which encourages meritocracy, innovation and excellence.

The net headcount has increased by adding 1,162 new professionals as of December 31, 2014, the Company is focused towards attracting and retaining high caliber employees through sound and resilient human resource management process. The Company's head count was 10,016 as on December 31, 2014. At around 85.9%, it has the industry leading retention rates at the year end. The Company consciously enhanced gender diversity with 28% of our employees being women.

Recognising the fact that the workforce lives your brand, the HR team has embarked on a major branding exercise to build an engaging organisation.

The Company is focusing on HR analytics for workforce analysis, aiming towards introducing predictive analysis that will drive workforce planning, talent management and retention.

The employee engagement platform is inclusive and empowering. It connects the employees with leaders and peers. Forums such as Open Houses, Happy Hours and Grow More Round Table Series, provide interactive platforms for sharing information and feedback. This initiative has not only helped to manage the diversified workforce around the globe but has also kept the employees motivated.

The Company has embarked on a journey to create a passionate environment towards work and make Hexaware a great place to work. The Company worked with a leading agency to conduct

a survey and intend to work closely with our delivery leaders to work on identified areas which would go a long way to bring employee satisfaction and enhance work passion.

### Hexaware Edge

Hexaware's impressive suite of software solutions features several unique advantages that ensure high quality expertise and cost efficiency. It gives holistic solution for customer needs. It has expertise to help at all stages of IT initiatives- whether they are in small, midsize or large global enterprise. It can create a tailored roadmap, complete end to end solution, combining both technology and business understanding. These include:

#### Outsourcing models

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

#### Leadership in niche areas

Hexaware has demonstrated leadership and expertise in focus areas.

- The Company is a global market leader in PeopleSoft services
- The Company is amongst the leading IT solution providers for the Airlines Industry
- The Company is also fast emerging among the top Indian IT services provider in Germany

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

#### Focus versus generic strategy

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

#### Domain expertise

Another key differentiator is the emphasis on bringing in domain experts in focused niche areas and has been continuously reinventing itself. Company has centre of excellence that houses well defined tools, accelerators and innovations in new products. This helps in boosting the productivity and reducing project development time and cost.

#### Our size-the right size

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

#### Effective delivery

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

#### Innovative & Flexible Contract Mechanism

As a mid-size vendor, Hexaware provides a great deal of flexibility in both the contractual and delivery models. This includes using innovative pricing and payment models that meet the unique

expectations of its clients, as also optimizing its SEI CMMI Level 5 processes to meet specific customer requirements. Working relationships stretch from fixed time/fixed fee to time and material.

#### **Multi-Cultural Dimension**

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

#### **Process and Methodologies**

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

#### **Quality Initiatives**

Hexaware has adopted and achieved the following international standards for process definition and improvement at its global development centers :

- ISO 9001-2008 & Tick IT
- ISO/IEC 27001:2005
- ISO 20000-1:2011
- CMMI – DEV & SVC Version 1.3 – Level 5

#### **Information security**

Information Security management at IT outsourcing centers has become one of the important areas of concern for organizations. Stringent information security measures are in place at Hexaware to ensure business continuity and reduce business damage by preventing and minimizing the impact of security incidents. ISO 27001 is a globally recognized information security standard used to identify, manage and reduce the range of threats to which information is subjected. The standard provides guidelines and directions to safeguard organizational assets and emphasizes continuous improvement for information.

#### **Quality Assurance**

We have also undertaken various initiatives such as implementing an organization wide Defect Prevention Program, Metrics Program, automation of processes and introduction of new tools.

The Quality Improvement Program is based on the business needs, technology changes, customer feedback, suggestions and process performance. The Company has also undertaken various initiatives such as implementing an organization wide Defect Prevention Program, Metrics Program, automation of processes and introduction of new tools. The Company has instituted processes that enable transition to new technologies and enable continuous process improvement.

#### **Benefits:**

The customers / clients have benefited as a result of fewer defects, reduction in cycle time and improved delivery capabilities. Hexaware has provided value-additions through improvement in the performance of the systems that have been outsourced, a reduction in the problems and failures, and improved stability. This has resulted in high levels of customer satisfaction and repeat business. Implementing the 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 Company has two “Big 4” firms as auditors - Deloitte Haskins & Sells LLP as its Statutory Auditors and KPMG as its Internal Auditors. Ernst & Young are the tax advisors of the Company. The Company's Board of Directors comprises eminent professionals in their respective fields with rich experience in policy-making and strategy formulation. All the major committees of the Board are headed by Independent Directors, and the Company has followed Cadbury Committee's recommendation of having two different individuals as Chairman & CEO for several years. The Company won the Special Commendation of the prestigious Golden Peacock Award for the year 2009 and 2013 for excellence in Corporate Governance and was the winner of the award in the year 2011.

#### **Awards:**

The Company won the following awards in 2014:

- Hexaware has received the “CISO Hall Of Fame” award from CISO Platform (India) for its excellence in the deployment and sustenance of Information security within the Organization. This award has been given in recognition of receiving the Top 100 CISO Awards for the last four years continuously.
- Hexaware Business Process Services (BPS) has won the award for ‘Operational Excellence and Quality in BPO Industry’ category at the recent summit for Asia Pacific HRM Congress Awards, 2014. This award aims to honor organizations who have significantly impacted or influenced the society, the corporate world, and the HR Community in the area of Human Development. Recipients of these Awards are role models with unquestionable integrity.
- Hexaware Business Process Services (BPS) was recognized at the National Awards for Excellence in Outsourcing & BPO 2014 for “Best Finance & Accounts Outsourcing Team”. This award demonstrates the Company's creativity and ability to sustain a competitive advantage, providing business transformation and achieving value. It also recognizes organizations and Individuals to be a benchmark in terms of best practices and business excellence.
- Hexaware's annual report for the year 2013 was awarded Plaque for the excellence in financial reporting for the second year in a row by the apex body of Chartered Accountants in India, the Institute of Chartered Accountants of India.
- During the last quarter, Hexaware was presented the IDC Insights Award 2014 for “Excellence in Employee Engagement”.
- Hexaware's data scientists have been very active in various crowdsourcing analytics forums and data analytics challenges, such as Kaggle, Crowd Analytix, Dextra, etc., tackling a wide range of problems, such as copper spot price prediction, crime rate prediction in US cities, marketing buzz prediction, IPL cricket results prediction, product opinion prediction, etc. Hexaware has recently won multiple prizes and awards in such forums, which serves as a testimony to the depth of the Company's expertise and capability in advanced analytics and data science.
- Silver winner of PeopleSoft Category at UK Oracle User Group Partner of the Year Awards 2014-2015.
- Ranked in the ‘Forbes Asia's 200 Best Under a Billion List.’
- Listed among the ‘Top 100 Innovative Service Providers’ by Global Services 100.
- Ranked among leading IT service providers in International Association of Outsourcing Providers (IAOP) Global Outsourcing 100 list.

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- EMC Transformers award for Cloud and Disaster Recovery (DR) implementation.
- 'Best in Corporate Responsibility Practic' award by Indy's Awards.
- 'CIO 100' award by IDG.

### Risk Management

The Company has well defined Enterprise-wide 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 Banking, Investments & Operations and Forex Committee oversee activities related to Foreign Exchange matters and the Banking, Investments & Operations respectively.

### Key elements of risks

1. Global Economic Situation: The economic environment around the world is showing sign of growth. For IT service Industry, the demand momentum is looking positive. The IT spending is increasing however there are still pockets of global markets where there are still uncertainties. The Company on its part is helping existing customers drive efficiencies, demonstrate value addition.
2. Business Model Redundancy: The new technologies, such as cloud, big data, mobile smart devices and social media are impacting the behavior of the consumers. The Company continuously scan business environment for early detection of emerging trend.
3. Cost pressure: Increasing employee cost and operating expenses may create pressure on margin. The Company is focusing on improving productivity and put up framework for cost management.
4. Regulatory risks: Any change in regulations in any of the jurisdiction of its operations may hamper growth and cause decline in revenue.
5. Delivery and operational risk: The growth and success depends on its ability to hire, attract, motivate, retain and train highly-skilled technology personnel. Failure to complete fixed price, fixed time framed or transaction based pricing contracts within budget and on time may significantly affect our profitability.

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

### Internal Audit & Controls

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

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

### Talent Management – Asset Development

The Company believes that its employees are the heart of the organisation; 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. The Company strengthens its talent pool by providing employees with growth and talent enhancement opportunities. It believes that performance needs to be quantified and hence the Performance Management System is revamped to be more metrics driven. The Company also believes that employees stick to the organisation to build career. Hexaware's new Career Management framework will help in defining career pillars, tracks and bands for employees to identify their role and the expectation from the new CMS System. The new CMS system will also help define entrant criteria's for a role and job description to help individuals perform at their best. The New CMS system will also help individuals to make long term career plan and the organisation would enable them to achieve their career objective by various training program.

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 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 continued its focus on employee motivation through revamping the Rewards and recognition system incorporating more categories to encourage talent. Most importantly this is devised along with delivery managers to make it relevant and appropriate. 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.

### HexaVarsity

#### Learning & Development

HexaVarsity is Hexaware's Learning & Development Team whose core responsibility is to provide learning solutions to every role within the organization by designing training frameworks to match the dynamic & ever evolving business trends.

In the year 2014, HexaVarsity trained 518 campus recruits. In the Fresher Training Program lots of enhancements have been done in terms of the program design, curriculum, approach and evaluation.

#### New Initiatives

##### Business Analyst to Business Consultant Program

HexaVarsity had launched the 'BA2BC' Program - Business Analyst to Business Consultant. These are highly interactive sessions with more real-time case-studies, Group discussions, role-plays, live-work packets, Quizzes and Tests. Participants are from different groups from various verticals & horizontals. The Target audience for this program was Business Analyst, Functional Lead, and Functional Consultant. This program was well received by the participants.

### Customer Focus

The newly launched 'Customer Focus' Program under the umbrella of Business Professional Development initiative was well received by the participants and the Company extended this to 4 batches covering 40 consultants in different areas.

### Bullet Proof Manager Program

HexaVarsity had re-launched the enhanced Bullet Proof Manager Program, a leadership development program for about 150+ consultants in India and Mexico.

### HexMasters

HexaVarsity had re-launched the enhanced version of "HexMasters: The Stage for improving the Public speaking skills" with certification model at different levels.

### Incentive Policy

The Company introduced Incentive Policy for those who contribute to the training delivery, elearning content creation and question bank creation. This incentive policy motivates people to contribute more towards learning & development activities.

### LearnToGrow

HexaVarsity had launched its 'LearnToGrow' Initiative - A campaign to promote a learning culture and to improve the Learning Quotient of the organization. With the eLearning platform HexaGuru+ the eLearning hours had been tremendously increased.

HexaVarsity had also launched an initiative offering curated MOOCs (Massive Open Online Courses) on a variety of subjects, technology and business, from across the globe to employees.

### Professional Certification Drives

HexaVarsity continuously conducts the Professional Certification Drives, once in a quarter, at office premises itself to serve its customers better.

HexaVarsity had signed an MOU with Chennai Mathematical Institute (CMI) to collaborate and create business solutions for our customers.

As part of the Corporate Social Responsibility (CSR) and Industry-Academia interactions, the Company closely collaborated with the ICT Academy of Tamil Nadu to support its Bridge programs and have a representative in their Board of Studies.

The Company Participated in the BRIDGE Conference conducted by ICTACT in association with NASSCOM on 26th and 27th February 2014 where Hexaware was a principal sponsor of the event.

The focus of the two day event was on Leadership and Academic Excellence.

The schedule included keynote address by Executive Director & President Global Delivery, Hexaware Technologies. HexaVarsity Team has been part of this event.

The Company has hosted several seminars and workshops in Colleges, provided 25 internships, facilitated 3 In-plant visits for students this year.

### Corporate Governance and Management Discussion and Analysis

The Company endeavors to maximize the wealth of the shareholders by managing the affairs of the Company with a pre-eminent level of accountability, transparency and integrity. A report on Corporate Governance including the relevant Auditors' Certificate regarding compliance with the conditions of Corporate Governance as stipulated in Clause 49 of the listing agreement with stock exchanges is annexed. Management Discussion and Analysis is also annexed.

### Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors confirm the following:

1. In the preparation of the annual accounts, the applicable standards have been followed.
2. 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 at the end of financial year and of the profit of the Company for the period.
3. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. The Directors have prepared the attached Statement of Accounts for the year on a going concern basis.

### 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 2014, following were the movements under ESOPs: 1,047,525 options were exercised and the Company allotted 1,047,525 equity shares of ₹ 2/- each to Directors and employees on such exercise. These shares have been listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited. No options were granted under any of the schemes during the year 2014.

### Fixed deposits

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

### Insurance

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

### Errors & Omissions / General Liability

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

### Directors' & Officer's Liabilities (D&O) / Employment Practices Liability Insurance (EPLI) / Crime

D&O policy covers the Directors & Officers of the Company against the risk of third party actions arising out of their actions / decisions, which may have resulted in financial loss to any third party. The Company has appropriately insured itself to mitigate such risks coming from any third party. EPLI Insurance protects the Company from claims from employees or third parties on account of any actual or alleged Employment Practice Violation. Crime insurance protects the Company from loss of money, securities or other financial loss arising from any fraudulent or criminal activity of employees or third parties.

### Property / Casualty

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

## Directors' Report

unfortunate event of such events. The employees of the Company are covered under various employee benefit insurance against Hospitalization, Accidental Disability and Death.

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

The information relating to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo required under Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed and forms part of this Report.

### Related party transactions

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. 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 as also the Board for approval, if required. The policy on Related Party Transactions is uploaded on the Company's website.

### Subsidiaries

The Ministry of Corporate Affairs has granted general exemption from attaching the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies with the Balance Sheet of the Company. The Board of Directors of the Company has by a resolution given consent for not attaching the Balance Sheet of the subsidiaries concerned. A statement containing brief financial details of the Company's subsidiaries for the financial year ended December 31, 2014 is included in the Annual Report. The annual accounts of these subsidiaries and the related detailed information will be made available to any member of the Company seeking such information at any point of time and are also available for inspection by any member of the Company at the registered office of the Company. The Company shall furnish a copy of annual accounts of subsidiaries to any member on demand.

### Directors

Mr. P R Chandrasekar retired as the CEO of the Company w.e.f July 28, 2014 but continues as the Non-Executive Director and Vice Chairman of the Company. The Board of Directors on the recommendation of the Nomination & Remuneration Committee appointed Mr. R Srikrishna as Chief Executive Officer w.e.f. July 28, 2014 and thereafter as an Additional Director and Whole time Director designated as Executive Director of the Company with effect from October 17, 2014. The Members of the Company at the Extra Ordinary General Meeting held on December 19, 2014 approved his appointment and terms of remuneration as the whole time director & CEO of the Company.

At the said EGM the Members had also appointed the existing Independent Directors viz. Mr. Bharat Shah & Mr. Dileep Choksi as Independent Directors under the Act each for a term of two years with effect from October 17, 2014.

Mr. Abhay Havaladar resigned as a director of the Company w.e.f February 13, 2014. Mr. RV Ramanan resigned as the Executive Director of the Company w.e.f. September 16, 2014. Mr. Jack Hennessy was appointed as an additional director w.e.f November 5, 2014.

Mr. Basab Pradhan, Mr. Christian Oecking and Dr. Punita Kumar-Sinha were appointed as additional directors in the capacity of independent non-executive directors w.e.f June 9, 2014, June 26, 2014 and March 26, 2015 respectively for a period of two years.

In accordance with the Articles of Association of the Company, 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 at the Annual General Meeting to be given to the shareholder as per Clause 49 VIII (E) pertaining to their brief resume, expertise in functional areas, names of companies in which they are Directors is being provided separately in the Annexure on Page No. 70 & 71 of this Annual Report. Members are requested to refer the said section of 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.

### Auditors

M/s. Deloitte Haskins & Sells LLP retire at this Annual General Meeting and being eligible, offer themselves for re-appointment. Pursuant to the recommendation of the Audit Committee at their meeting held on February 9, 2015 recommending re-appointment of M/s. Deloitte Haskins & Sells LLP as Statutory Auditors of the Company, for the financial year 2015, the Board of Directors have, subject to the approval of the shareholders, at their meeting held on February 10, 2015 approved the re-appointment of Deloitte Haskins & Sells LLP as the Statutory Auditors of the Company for the financial year 2015 and to hold office till the conclusion of the next Annual General Meeting. In terms of provisions of section 139 of the Companies Act, 2013 M/s. Deloitte Haskins & Sells LLP have furnished a certificate that their appointment, if made, will be within the limits prescribed under the said section of the Act.

There are no qualifications in the audit reports.

### Particulars of employees

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

### Acknowledgment

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

The Ministry of Corporate Affairs vide its Circular No. 08/2014 dated April 4, 2014 clarified that the financial statements and the

documents required to be attached thereto, the Auditor's and Boards' Report in respect of the financial year under reference shall continue to be governed by the relevant provisions of the Companies Act, 1956, schedules and rules made thereunder.

Accordingly, the financial statements, the Auditor's Report and Boards' Report as aforesaid are prepared as per the requirements of the Companies Act, 1956. However, the Company, has to the extent possible provided the information in the Annual Report as

per the Companies Act, 2013 as a matter of good governance.

For and on behalf of the Board of Directors

**Atul K. Nishar**  
Chairman

Date: April 2, 2015

Place: Mumbai

## **ANNEXURE TO THE DIRECTORS' REPORT**

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

#### **CONSERVATION OF ENERGY:**

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

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

The Company has installed 90KW Rooftop solar system in its Siruseri Campus in the year 2014 with a capacity of producing 1.2 L units of power in a year. Power generated in 2014 from this system is 78133 units. This results in saving of Green House Gas emission of 46.57 tons of CO<sub>2</sub>.

The Company undertakes several green campaigns throughout its locations to reiterate renewed commitment to fulfilling environmental obligations.

#### **TECHNOLOGY ABSORPTION:**

In an endeavor to stay abreast of most recent advancements across the technology spectrum, the Company has entered into partnerships, alliances and tie-ups with major global players in the I.T. Industry. This helps the Company to harness the latest and the best of technologies in its field, upgrade itself in line with the latest technologies in the world and absorb technology wherever feasible, relevant and appropriate. Through exchange of ideas and leveraging competencies, the Company has increased its market presence and delivered integrated best in breed offerings.

At the same time, the Company has also attached tremendous significance to indigenous development and upgrade of technology through its own extensive research and development. The benefits derived from these processes are phenomenal and have improved the quality of its world class services. It has also helped in diversifying the services portfolio while increasing cost efficiency. The Company has a significant percentage of its lateral talent drawn from major global players with a good understanding of their internal technology and consulting processes, engineering practices and knowledge centers. The Company has made representations in

multiple industry seminars and conferences – useful in absorbing contemporary trends in technology and business processes from the industry.

#### **RESEARCH & DEVELOPMENT:**

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

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

The Company has several Centers of Excellence (CoEs) and Advanced Solution Groups (ASGs) attached to individual practices and verticals for fostering innovation channeled to a particular area of interest. Under ample guidance from the Practice Head, the Company has dedicated long-time resources, as well as employees by rotation on short stints working here to exchange ideas and produce the desired results. These CoEs are not perceived as mere cost-centers with ambiguous commercial value, but rather as supplementary revenue generating units, especially with license sales seen over the last year. The Company's list of Intellectual Property rollouts is impressive and spans across almost all its focus verticals and practices as also emerging areas of interest. The dedicated 'Innovation Infrastructure' 'Innovation Council' and 'Innovation Labs' framework, co-ordinates closely with focus practice groups to pilot and continuously test these incubated ideas.

Some tools, accelerators and other IP produced by the innovative minds this year would include HexBI-Test, HexaJaws, HexPAS, iFraud Engine etc.

#### **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: April 2, 2015

Place: Mumbai

## ESOP Disclosures

### ESOP DISCLOSURES IN TERMS OF SEBI (SHARE BASED EMPLOYEE BENEFITS) REGULATIONS, 2014 AND COMPANIES ACT, 2013.

Sr. No.	Description	ESOP - 2002		ESOP - 2007		ESOP - 2008	
		Consolidated	Standalone	Consolidated	Standalone	Consolidated	Standalone
1	Method used for accounting of the employee share-based payment plans	Intrinsic value method		Intrinsic value method		Intrinsic value method	
2	If Intrinsic value method is used, impact for the accounting period had the fair value method been used on the following -						
	Net Results (In Rupees Millions)	Nil	Nil	1.71	1.71	0.06	0.06
	<b>Earning Per Share: Basic (₹)</b>			Consolidated	Standalone		
	As Reported			10.66	10.60		
	Adjusted Pro Forma			10.65	10.59		
	<b>Earning Per Share: Diluted (₹)</b>						
	As Reported			10.60	10.55		
	Adjusted Pro Forma			10.60	10.54		
3	Description of each type of employee share-based payment plan that existed at any time during the year including the following -						
	Total No. of Options under the Plan	11,049,145		13,042,992		5,720,839	
	Vesting Requirements	<b>Options :</b> Vesting 25% on each successive anniversary of the grant date or as per the discretion of the Committee except in case of grants to directors vesting is 50% on each successive anniversary of the grant date or as per the discretion of the Committee.		<b>Options :</b> Vesting 25% on each successive anniversary of the grant date or as per the discretion of the Committee except in case of grants to directors, vesting is 50% on each successive anniversary of grant date and in case of special performance linked 1% stock options vesting is 50% on each successive anniversary on achieving specified performance targets.		<b>Options :</b> Vesting 25% on each successive anniversary of the grant date or as per the discretion of the Committee.	
	Maximum term of options granted	7 years		7 years		7 years	
	Method of settlement	Equity Settled		Equity Settled		Equity Settled	
4	Number and weighted average exercise prices of stock options for each of the following groups of options -	Number of options	Weighted Average Exercise Price (₹)	Number of options	Weighted Average Exercise Price (₹)	Number of options	Weighted Average Exercise Price (₹)
	- Outstanding at the beginning of the year	67,500	12.45	2,735,525	49.39	37,500	42.85
	- Granted during the year	-	-	-	-	-	-
	- Forfeited / lapsed during the year	-	-	216,500	54.69	-	-
	- Exercised during the year	16,500	12.45	993,525	46.95	37,500	42.85
	- Outstanding at the end of the year and	51,000	12.45	1,525,500	50.23	-	-
	- Exercisable at the end of the year	51,000	12.45	1,041,750	42.64	-	-
5	Number of options vested	51,000		1,041,750		-	
6	Total number of shares arising as a result of exercise	16,500		993,525		37,500	
7	Money realised by exercise of options (₹ in Mn)	0.21		46.64		1.61	
8	Employee wise details of options granted to -	No grants made during the current year		No grants made during the current year		No grants made during the current year	
	- Senior managerial personnel;						
	- Employees holding 5% or more of the total number of warrants/options granted during the year						
	- Identified employees who were granted warrant/option, during anyone year equal to or exceeding 1% of the issued capital (excluding outstanding warrants/options and conversions) of the Company at the time of grant.						

Sr. No.	Description	ESOP - 2002	ESOP - 2007	ESOP - 2008
9	For stock options outstanding at the end of the year, the period, the range of exercise prices and weighted average remaining contractual life (vesting period + exercise period). If the range of the exercise prices is wide, the outstanding options should be divided into ranges that are meaningful for assessing the number and timing of additional shares that may be issued and cash that may be received upon exercise of those options	Details for ESOP 2002, 2007 and 2008 Scheme:		
		Price range ₹	Nos.	Weighted average remaining life (months)
		12.45	429,500	14
		30.70 - 42.85	137,000	24
		51.98 - 79.85	1,010,000	39
		Total	1,576,500	
10	For stock options granted during the year, the weighted average fair value of those options at the grant date and information on how the fair value was measured including the following - - Option pricing model used - Inputs to that model including - - weighted average share price (Rs) - exercise price (Rs) - expected volatility - option life (comprising vesting period+ exercise period) - expected dividends - risk-free interest rate - any other inputs to the model including the method used and the assumptions made to incorporate the effects of expected early exercise. - Determination of expected volatility, including explanation to the extent expected volatility was based on historical volatility. - Any other features of the option grant were incorporated into the measurement of the fair value, such as market conditions	No grants made during the current year	No grants made during the current year	No grants made during the current year
11	For other instruments granted during the year (i.e., other than stock options) - - Number and weighted average fair value of those instruments at the grant date - Fair Value determination in case - (a) fair value not measured on the basis of an observable market price (b) whether and how expected dividends were incorporated (c) whether and how any other features were incorporated	No other instruments were granted during the year	No other instruments were granted during the year	No other instruments were granted during the year
12	For employee share-based payment plans that were modified / varied during the period - - Explanation of those modifications/ variations - Incremental fair value granted (as a result of those modifications/ variations) - Information on how those incremental fair value granted was measured, consistently with the requirements set out in points 7 and 8 of SEBI ESOP guidelines	No modifications were made to the schemes during the year	No modifications were made to the schemes during the year	No modifications were made to the schemes during the year
13	Total expense recognised for the period for employee share-based payment plans (₹ in Mn)	Nil	Nil	Nil
14	Separate disclosure of that portion of the total expense that arises from transactions accounted for as equity settled employee share-based payment plans (₹ in Mn)	Nil	Nil	Nil
15	For liabilities arising from employee share-based payment plans - Total carrying amount at the end of the period - Total intrinsic value at the end to the period for which the right of the employee to cash or other assets had vested by the end of the period.	Nil	Nil	Nil
16	Diluted earnings per options (EPS) pursuant to issue of shares on exercise of option. (₹)	Consolidated 10.60		Standalone 10.55

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES**

(₹ Million)

1. Name of the Subsidiary	Hexaware Technologies Inc., USA	Hexaware Technologies GmbH, Germany	Hexaware Technologies UK Limited, UK	Hexaware Technologies Asia Pacific Pte. Limited, Singapore	Hexaware Technologies Canada Limited, Canada	Hexaware Technologies Mexico S de RL De CV, Mexico	Risk Technology International Limited, India	FocusFrame Europe BV, Netherlands	Hexaware Technologies DO Brazil Limited, Brazil
2. The Financial Year of the Company ended on	31st December, 2014	31st December, 2014	31st December, 2014	31st December, 2014	31st December, 2014	31st December, 2014	31st December, 2014	31st December, 2014	31st December, 2014
3. Holding Company	Hexaware Technologies Limited, India	Hexaware Technologies Limited, India	Hexaware Technologies Limited, India	Hexaware Technologies Limited, India	Hexaware Technologies Limited, India	Hexaware Technologies Limited, India	Hexaware Technologies Limited, India	Hexaware Technologies Inc., USA	Hexaware Technologies UK Limited, UK
4. Holding Company's Interest	100%	100%	100%	100%	100%	100%	100%	100%	100%
5. Shares held by the holding Company in the Subsidiary	30,026 Common shares of Euro 50 each	3,618 equity shares of \$1 each	2,167,000 equity shares of GBP 1 each	5,00,000 equity shares of \$1 each	1 Common Stock of no par value	2 Participation Shares of 8087502 Pesos	9,500,000 equity shares of ₹ 10 each	1800 Common Stock of Euro 10 each	1,800 equity Shares of BRL 1 each
6. Reporting Currency	USD	EURO	GBP	SD	CAD	MXN	INR	EURO	BRL
7. Exchange Rate	63.04	76.59	98.31	47.72	54.42	4.29	-	76.59	23.72
8. Share Capital	506.28	13.85	213.04	23.86	1.27	34.68	95.00	1.38	0.04
9. Reserves and Surplus	1,249.09	221.69	106.57	171.45	65.02	135.19	(12.74)	5.49	(0.52)
10. Total Assets	5,943.78	364.71	760.86	336.95	89.18	325.60	285.26	7.12	7.42
11. Total Liabilities	4,188.42	129.17	441.25	141.64	22.89	155.73	203.01	0.25	7.90
12. Investments									
13. Turnover	16,124.37	1,145.44	1,928.05	518.12	130.81	806.83	-	-	42.58
14. Profit/(Loss) Before Taxation	657.88	38.92	66.52	(11.85)	11.13	80.61	(1.68)	(2.64)	1.90
15. Provisions for Taxation	245.27	13.02	14.50	0.78	2.97	23.28	-	-	0.20
16. Profit/(Loss) After Taxation	412.61	25.90	52.02	(12.63)	8.16	57.34	(1.68)	(2.64)	1.70
17. Proposed Dividend, if any	378.21	NIL	NIL	NIL	NIL	NIL	NIL	96.50	NIL
18. Material Change between the end of the Financial Year of the subsidiary Company and the Company's Financial year ended December 31, 2014									
a. Fixed Assets	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
b. Investments	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
c. Money Lent	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
d. Money borrowed other than those for meeting Current Liabilities	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

**Notes :**

- There has been no change in holding Company's interest in the subsidiaries between the end of financial year or the last of the financial years of subsidiary and the end of the holding Company's financial year.
- Caliber Point Business Solutions Limited - Merged with Hexaware Technologies Limited under the scheme of Amalgamation was sanctioned by the Honourable High Court of Judicature at Bombay vide its order dated October 10, 2014, the appointed date of merger being 1st April, 2013.
- Proposed dividend includes dividend paid during the year.

**For and on behalf of the Board**

**Atul K. Nishar**  
(Chairman)

Place : Mumbai  
Date : 10th February, 2015

# Report on Corporate Governance

The detailed report on Corporate Governance, for the financial year January 1, 2014 to December 31, 2014 as per the format prescribed by SEBI and incorporated in Clause 49 of the Listing Agreement is set out below:

## 1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Hexaware is committed to the high standards of transparency, openness, probity and accountability.

In working to ensure compliance with corporate governance laws, regulations and policies, 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. The push today is towards putting into place a combination of internal controls, explicit business processes, and systems for corporate governance that can also build business value.

We firmly believe that it is only through good corporate governance practices can we achieve sustainable growth of the organisation and create long term shareholder value. Hence, our endeavour has always been to go beyond the letter of the law and observe corporate governance practices in the true spirit of the law, with high levels of accountability, transparency and integrity.

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

We are committed to adopt International best practices in Corporate Governance. 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 12 years in the Company. The Company has adopted the Code of Conduct for Board of Directors, Senior Management Personnel and Prevention of Insider Trading. 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.

## 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, 2014. Of these, nine Directors are Non-Executive and four amongst them are Independent Directors. Mr. Atul K. Nishar is Non-Executive Chairman of the Board.

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

The composition of the Board of Directors of the Company as on December 31, 2014 is given below:

<b>Name</b>	<b>Designation</b>	<b>Independent/Non-Independent</b>	<b>Shareholding as on 31st Dec'14</b>
Mr. Atul K. Nishar (DIN 00307229)	Chairman	Non-Independent	\$1,000
Mr. P. R. Chandrasekar## (DIN 02251080)	Vice-Chairman	Non-Independent	Nil
Mr. R. Srikrishna# (DIN 03160121)	CEO & Executive Director	Non-Independent	Nil
Mr. Jimmy Mahtani (DIN 00996110)	Director	Non-Independent	Nil
Mr. Kosmas Kalliarekos (DIN 03642933)	Director	Non-Independent	Nil
Mr. Jack Hennessey* (DIN 06990208)	Director	Non-Independent	Nil
Mr. Bharat Shah (DIN 00136969)	Director	Independent	20,000
Mr. Dileep Choksi (DIN 00016322)	Director	Independent	Nil
Mr. Basab Pradhan** (DIN 00892181)	Director	Independent	15,000
Mr. Christian Oecking*** (DIN 03090264)	Director	Independent	Nil

## Report on Corporate Governance

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

\* Appointed w.e.f November 5, 2014.

\*\* Appointed w.e.f June 9, 2014.

\*\*\* Appointed w.e.f June 26, 2014.

# appointed as Additional Director/Executive Director w.e.f. October 17, 2014, appointed as CEO w.e.f July 28, 2014

## Resigned as the CEO of the Company w.e.f. July 28, 2014

Dr. Punita Kumar-Sinha has been appointed as an additional director w.e.f March 26, 2015 in the capacity of an Independent Non-Executive Director. We have thus complied with the requirement of appointment of woman director under Companies Act and the listing agreement.

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

The Company holds at least four Board meetings in a year, one in each quarter inter-alia to review the financial results of the Company. The gap between the two Board Meetings does not exceed four calendar months. Apart from the four scheduled Board Meetings, additional Board Meetings are also convened to address 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. Action taken report on the decisions/ minutes of the previous meeting is placed at the succeeding meeting of the Board/ Committee.

During the year six Board Meetings were held respectively on February 7, 2014, April 29, 2014, July 22, 2014, July 27, 2014, October 17, 2014 and November 5, 2014.

A separate meeting of independent directors was held on December 24, 2014.

The attendance of the Directors at the Board Meeting and the Annual General Meeting held during the year 2014 was as follows:

Directors	Board Meetings Held During the Tenure of Director	Board Meetings attended during the year	Whether attended last AGM	Directorships/ Board Committees (Numbers)	
				Other Directorship of other Indian Public Companies	Board Committee Membership/ (Chairmanship)
Mr. Atul K. Nishar	6	6	Yes	-	1(1)
Mr. P. R. Chandrasekar	6	5	Yes	1	NIL
Mr. R. Srikrishna <sup>3</sup>	2	1	N.A.	NIL	NIL
Mr. Jimmy Mahtani	6	5	No	2	2
Mr. Kosmas Kalliarekos	6	4	No	NIL	NIL
Mr. Bharat Shah	6	4	No	4	3
Mr. Dileep Choksi	6	5	Yes	8	10(5)
Mr. Basab Pradhan <sup>1</sup>	4	2	N.A.	NIL	NIL
Mr. Christian Oecking <sup>2</sup>	4	2	N.A.	NIL	1
Mr. Jack Hennessey <sup>4</sup>	1	0	N.A.	NIL	NIL

<sup>1</sup> Appointed as Additional Director w.e.f. June 09, 2014

<sup>2</sup> Appointed as Additional Director w.e.f. June 26, 2014

<sup>3</sup> Appointed as Additional Director w.e.f. October 17, 2014

<sup>4</sup> Appointed as Additional Director w.e.f. November 05, 2014

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 Clause 49), across all companies of which he/ she is a director. Necessary disclosures regarding Committee positions in other Indian public companies as at December 31, 2014 have been made by the Directors.
- The committees considered for the above purpose are those as specified in existing Clause 49 of the Standard Listing Agreement(s) i.e. Audit Committee and Stakeholders Relationship Committee.
- Information placed before the Board for consideration is specified in Clause 2.4.

### 2.3 The details of Directorship of the Company's Directors in other Indian Public Companies as on December 31, 2014 are given below:

Mr. Atul K. Nishar	NIL
Mr. P. R. Chandrasekar	Risk Technology International Limited, (100% subsidiary of the Company)
Mr. R. Srikrishna	NIL
Mr. Jimmy Mahtani	Bhushan Power & Steel Limited, Sharekhan Limited
Mr. Kosmas Kalliarekos	NIL
Mr. Dileep C Choksi	ICICI Lombard General Insurance Co. Ltd., ICICI Home Finance Co. Ltd., Datamatics Global Services Limited, Lupin Limited, ICICI Bank Ltd., AIA Engineering Ltd., Arvind Limited, Swaraj Engines Limited
Mr. Bharat Shah	HDFC Securities Limited, Hill Properties Ltd., IDFC Alternatives Limited, Strides Arcolab Limited
Mr. Basab Pradhan	NIL
Mr. Christian Oecking	NIL
Mr. Jack Hennessey	NIL

### 2.4 Information provided to the Board:

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

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

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

1. **Mr. Atul Nishar** is the Chairman of Hexaware, a company that he set up in India in 1990. He is the driving force of Hexaware's strategic direction and marketing focus. Under his leadership, Hexaware Technologies has grown into a multi-million dollar, global software and BPO services corporation, listed on Indian and London Stock Exchanges.

An entrepreneur by nature, Atul Nishar had founded Aptech Limited in 1985, a computer training company which he grew into a leading global IT training outfit with over 2400 centers across 52 countries. He was the Chairman of Aptech till early 2003, when the promoters divested their stake in the company. The highly successful China joint venture was set up by Aptech under his headship.

He is associated with several government and trade bodies which play an instrumental role in the development of India's IT Sector. An active and known figure of the Indian IT industry, he was Chairman of National Association of Software and Service Companies (NASSCOM) in 2000 and continues to be on the Executive Council of NASSCOM. He is also a Charter Member of The Indus Entrepreneurs (TiE), Member of the Managing Committee of Indian Merchants Chamber and was Regional President - Western India Council of Indo-American Chamber of Commerce, 2007 - 2009.

## Report on Corporate Governance

He was Member of National Executive Committee (2000) of Confederation of Indian Industry (CII), and Chairman of the Information Technology Committee (2001-2002) and Member of the Steering Committee of Federation of Indian Chambers of Commerce and Industry (FICCI).

He has published several articles on Information Technology in leading Indian publications and has been a speaker at conferences organized by Harvard Business School, NASSCOM, TIE, World Congress on Information Technology, US Consulate, FICCI, and CII.

Atul Nishar is a FCA (Fellow of the Institute of Chartered Accountants of India) and received his Bachelor Degrees in Commerce and Law from University of Mumbai

- 2. Mr. P. R. Chandrasekar** has been with Hexaware Technologies Limited since June 2, 2008. Mr. P. R. Chandrasekar retired as the CEO of the Company w.e.f. July 28, 2014 and continues as the Vice-Chairman of the Company. He has a successful track record of driving revenue growth for a company including experience in mergers and acquisitions, business development, channel development and strategic initiatives. Prior to joining Hexaware, he was President Americas and Europe at Wipro and was responsible for the strategic development of these geographies. Mr. P. R. Chandrasekar joined Wipro in May 2000 from GE India where he was Director, Business Development. He has a degree in Engineering from the Indian Institute of Technology, Madras (IIT-M) and has done his MBA from the Jamnalal Bajaj Institute of Management Studies, Mumbai University.

The brief resume of Mr. Basab Pradhan, Mr. Christian Oecking, Mr. R. Srikrishna, Mr. Jack Hennessy and Dr. Punita Kumar-Sinha has been given in the Notice of the Annual General Meeting.

### 3. AUDIT COMMITTEE

The primary objective of the Audit Committee is to monitor and provide effective supervision of the management's financial reporting process with a view to ensure accurate, timely and proper disclosures and transparency, integrity and quality of financial reporting. The Committee oversees the work carried out by the Management, Statutory and Internal Auditors on the financial reporting process and the safeguards employed by them.

The Company has framed the mandate and working procedures of the Audit committee as required under revised clause 49 of the listing agreement defining therein the Role, Membership, Operations, powers, meeting procedures etc of Audit Committee.

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

The Audit Committee of the Company comprised of the following members as on December 31, 2014: 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.

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 Finance 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 7, 2014, April 28, 2014, July 22, 2014, November 04, 2014 and the necessary quorum was present at the meetings.

Mr. Dileep Choksi, Chairman of Audit Committee had attended the Annual General Meeting held on April 25, 2014 and answered the queries raised by the shareholders.

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

#### 3.2 Broad terms of reference:

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

1. Oversee of 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. Qualifications in the draft audit report;
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 CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
20. Monitoring the end use of funds raised through public offers and related matters.
21. 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 2014:

Name of the Director	Category	No. of meetings held during the year / During the Tenure of Director and Attended		
		During the Year	During the Tenure of Director	Meetings Attended
Mr. Dileep Choksi - Chairman	Independent	4	4	4
Mr. Bharat Shah	Independent	4	4	3
Mr. Christian Oecking	Independent	4	2	2
Mr. Basab Pradhan	Independent	4	2	2
Mr. Jimmy Mahtani	Non-Independent	4	4	4

## 4. NOMINATION AND REMUNERATION COMMITTEE

### 4.1 Brief description and terms of reference:

The Nomination and Remuneration Committee of the Company as at December 31, 2014 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 Company has framed the mandate and working procedures of the committee as required under revised clause 49 of the listing agreement and Section 178 of Companies Act, 2013 defining therein the Role, Membership, meeting procedures etc.

Pursuant to the provisions of clause 49 of the listing agreement 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 of the Company ("Board") a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
2. Formulation of criteria for evaluation of Independent Directors and the Board;
3. Devising a policy on Board diversity;
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 their appointment and removal.
5. The Committee also approves, allocates and administers the Employee Stock Option Schemes and other matters as prescribed by the Listing Agreement from time to time.

## Report on Corporate Governance

### 4.2 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. They shall also be 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.

### 4.3 Meetings and Attendance during the year 2014:

During the year, the Nomination & Remuneration Committee met 1 (one) time that is on April 29, 2014 and 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 and Attended		
		During the Year	During the Tenure of Director	Attended
Mr. Bharat Shah – Chairman	Independent	1	1	1
Mr. Kosmas Kalliarekos	Non-Independent	1	1	1
Mr. Jimmy Mahtani	Non-Independent	1	1	0
Mr. Atul Nishar	Non-Independent	1	1	0
Mr. Christian Oecking	Independent	1	0	0
Mr. Basab Pradhan	Independent	1	0	0

### 4.4 Details of Remuneration paid or payable to Directors in India during the year 2014:

	(₹ Million)	
	Mr. R V Ramanan	Mr. R Srikrishna
Salary and allowance	10.83	1.86
Contribution to PF and other funds	0.32	0.04
Other perquisites	-	21.56
<b>Total</b>	<b>11.15</b>	<b>23.46</b>

#### Independent Directors

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

For the year the Board of Directors recommend the payment of commission to the Independent Directors, Mr. Bharat Shah, Mr. Dileep Choksi, Mr. Basab Pradhan and Mr. Christian Oecking based on their duration of association and terms of appointment aggregating to ₹ 12.39 million which is subject to the approval of the shareholders. The Company also reimburses the out-of-pocket expenses incurred by the Directors for attending meetings.

None of the directors holds stock options as at December 31, 2014.

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

Name of the Director	ESOP	Sitting Fees for attending Board/Committee Meeting Amount in (₹)	Commission for 2014 Amount in (₹)	Notice Period
	Total No. of Options held as at 31.12.2014			
Mr. Atul K. Nishar	Nil	N.A.	N.A.	N.A.
Mr. Jimmy Mahtani	Nil	N.A.	N.A.	N.A.
Mr. Kosmas Kalliarekos	Nil	N.A.	N.A.	N.A.
Mr. P. R. Chandrasekar	Nil	N.A.	N.A.	N.A.
Mr. R. Srikrishna	Nil	N.A.	N.A.	90 days
Mr. Jack Hennessy	Nil	N.A.	N.A.	N.A.
Mr. Bharat Shah	Nil	260,000/-	2,521,400/-	N.A.
Mr. Dileep Choksi	Nil	240,000/-	3,046,404/-	N.A.
Mr. Basab Pradhan	Nil	80,000/-	3,557,592/-	N.A.
Mr. Christian Oecking	Nil	80,000/-	3,264,004/-	N.A.

231,214 Restricted Stock Units are granted to Mr. R Srikrishna, CEO & Executive Director in January 2015, under EMPLOYEE STOCK OPTION SCHEME 2008 at a price of ₹ 2/-, which shall vest after one year and shall be eligible for exercise for a period of seven years from the date of grant

**5. STAKEHOLDERS RELATIONSHIP COMMITTEE**
**5.1 Scope of Stakeholders Relationship Committee:**

The scope of the Stakeholders Relationship Committee is to resolve the grievances of the security holders of the Company including complaints related to transfer of shares, non-receipt of Annual Report, non-receipt of declared dividends etc.

In addition, the Committee also looks into matters which can facilitate better investors' services and relations. The company has framed a mechanism to redress grievances of stakeholders.

The Company has framed the mandate and working procedures of the committee as required under revised clause 49 of the listing agreement defining therein the Role, Membership, meeting procedures etc

**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:

- Procedure for Dematerialization of shares;
- Procedure for transfer of shares;
- Procedure for transmission of shares;
- Change of address;
- Dividend;
- Nomination Facility;
- Loss of Share Certificates;
- Rights as a Shareholder;
- Result of Postal Ballot, if any;
- Facility of online Shareholders'/ Investors' Satisfaction Survey on a continuous basis.

**5.2 Composition, Meetings and Attendance of Committee:**

The composition of the Committee during the year is given below, all being Non-Executive Directors except Mr. R V Ramanan :

Name of the Director	Category
Mr. Atul K. Nishar – Chairman	Non-Independent
Mr. R. V. Ramanan <sup>1</sup>	Non-Independent
Mr. Jimmy Mahtani	Non-Independent
Mr. Dileep Choksi	Independent

Note : 1. Resigned w.e.f. September 16, 2014.

During the year, no meeting was held of Stakeholders Relationship Committee.

# Report on Corporate Governance

## 5.3 Details of shareholders complaints received, cleared and pending, during the year 2014:

Nature of Complaints	Received	Cleared	Pending
Transfer, Transmission etc.	-	-	-
Dividend, Interest and Redemption	9	9	0
Annual Report	-	-	-
Others/ Miscellaneous	2	2	-
TOTAL	11	11	-

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

Pending Transfers: There are no pending transfers as on December 31, 2014.

## 5.4 Company Secretary and Compliance Officer as on December 31, 2014:

<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>	Investori@hexaware.com
<b>Fax</b>	+91 22 4159 9578

## 6 CSR COMMITTEE

### 6.1 Scope of CSR Committee :

- 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 company has framed a CSR policy and put it up on the website of the company.

The Company has framed the mandate and working procedures of the committee as required under revised clause 49 of the listing agreement defining therein the Role, Membership, meeting procedures etc

### 6.2 Composition, Meetings and Attendance of Committee:

The composition of the Committee during the year is given below,

Name of the Director	Category
Mr. Bharat Shah- Chairman	Independent
Mr. Atul Nishar – Member	Non – Independent
Mr. Jimmy Mahtani – Member	Non – Independent
Mr. Christain Oecking – Member	Independent
Mr. Basab Pradhan – Member	Independent

During the year, one meeting was held of the CSR Committee on September 16, 2014 where the CSR policy was approved. Mr. Bharat Shah and Mr. Jimmy Mahtani attended the meeting.

#### Other Committees of the Board:

- Banking, Investments, Operations and Forex Committee : This Committee of the Board pro-actively reviews the Investment Policy of the Company, which has led to a timely change in investments, ensuring safety, liquidity and returns on the surplus funds. The Committee also oversees activities related to Foreign Exchange matters. A Foreign Exchange Risk Management Policy is in place to mitigate the key operational risks and risks of adverse exchange rates.
- Capital Issue Committee : The Capital Issue Committee of the Board approves the issue of securities by the Company. Generally the shares issued upon exercise of options by employees / directors under ESOP schemes are approved by the Capital Issue Committee.
- Infrastructure Committee: This committee was constituted broadly to oversee the company's physical assets: its land, buildings, equipment, and technology infrastructure, more specifically, to maintain the adequacy and condition of capital assets, to develop and periodically review policies, to advocate for new structures and rehabilitate or remove older structures, to decide on the matters related to infrastructure of the campus, selection of architects, decide on the expenditure to be incurred etc.

## 7. RISK MANAGEMENT

The Company has laid down procedures to inform Board members about the risk assessment and minimization procedures. These procedures are periodically reviewed to ensure that executive management controls risk through means of a properly defined framework. Detailed note on Risk Management is given in the Management Discussion and Analysis Report.

## 8. DETAILS OF ANNUAL GENERAL MEETINGS

### 8.1 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
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
2012	20th Annual General Meeting	Walchand Hirachand Hall (4th Floor), LNM IMC Building Trust, IMC Building, IMC Marg, Churchgate, Mumbai – 400 020.	Tuesday, April 30, 2013	4.00 p.m.	Renewal of Special Resolution passed for the Payment of Commission not exceeding 1% p.a. of the net profits of the Company calculated in accordance with the provisions of Section 198, 349, 350 of the Companies Act, 1956 to Non-Whole-time Directors of the Company for a period of Five years from January 01, 2013 to December 31, 2017.
2011	19th 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 27, 2012	4.00 p.m.	NA

### 8.2 Postal Ballot

No Postal Ballot was conducted during the year. In case of resolution to be conducted by postal ballot, necessary announcements shall be made.

## 9. TRAINING OF BOARD MEMBERS AND INDUCTION

At the Board Meetings, apart from the regular agenda items, it is ensured that the Board members are provided a deep and thorough insight into the business model of the Company and updates through detailed presentations of various business unit heads, vertical heads, geographical heads, business practises etc. The Board members get an open forum for discussion and share their experience. The Board undertakes periodic review of various matters including business wise performance, risk management, forex, internal audit reports etc.

At the time of appointing an Independent Director, a formal letter of appointment is given to him, which inter alia explains the role, function, duties and responsibilities expected of him as a Director of the Company..

The company has framed a familiarization program for independent directors which has been put up on the website and available at the weblink : <http://hexaware.com/independent-directors-familiarisation-programme.htm>

## 10. DISCLOSURES

- There are no transactions with related parties i.e. with the Promoters, Directors, Management, subsidiaries or relatives that may have potential conflict of interest of the Company at large. Transactions with related parties are disclosed in Note No. 26 to the Standalone Accounts of the Company in the Annual Report.
- 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 except ₹ 50,000/- paid against an order made under a compounding application to RBI in the year 2012.
- In compliance with the Securities and Exchange Board of India (Prevention of Insider Trading) Regulations 1992, as amended till date, the Company has a comprehensive code of conduct and the same is being strictly adhered to by its management, staff and relevant business associates. The code expressly lays down the guidelines and the procedure to be followed and disclosures to be made, while dealing with shares of the Company and cautioning them on the consequences of non-compliance thereof. The Company follows closure of trading window prior to the publication of price sensitive information. The Company has set up a mechanism where the directors, management and relevant staff & business associates of the Company are informed about the same and are advised not to trade in Company's securities.
- 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.

## Report on Corporate Governance

- (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/corporate-governance-2.htm>
- (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/corporate-governance-2.htm>
- (g) Performance evaluation : The performance evaluation framework is in place and has been circulated to all the directors to seek their response on the evaluation of the entire Board and independent directors. The Nomination & Remuneration Committee shall carry out evaluation of director's performance.

The criteria of evaluation is exercise of responsibilities in a bona fide manner in the interest of the Company, striving to attend meetings of the Board of Directors/ committees of which he is a member/ general meetings, participation constructively and actively in the meetings of the Board /committees of the Board etc.

- (h) The company has complied with the mandatory requirements under clause 49 of the listing agreement.
- (i) The Company has fulfilled the following non-mandatory requirements as prescribed in Annexure XIII to Clause 49 of the Listing Agreement with the Stock Exchanges:
  - Auditors qualification: Nil
  - Separate posts of Chairman and CEO  
The company has appointed separate persons to the post of Chairman and CEO.
  - Reporting of Internal Auditor; The Internal Auditors, KPMG report directly to the Audit Committee.

### 11. MEANS OF COMMUNICATION

- (a) The quarterly and half yearly results were published in Business Standard and Sakal in Marathi. Other communications were published in Free Press Journal in English and Navshakti in Marathi.
- (b) The Company's audited and un-audited periodical financial results, press releases and the presentations made to institutional investors and analyst are posted on the Company's website - [www.hexaware.com](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)
- (c) The Management Discussion and Analysis (MD&A) report has been included in this Annual Report.

### 12. GENERAL SHAREHOLDER INFORMATION

#### 12.1 Twenty First Annual General Meeting:

Date	May 07, 2015
Time	4.00 p.m.
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.

#### 12.2 Financial Calendar for the year 2014:

Financial year	January 1, 2014 to December 31, 2014
Dividend Payment	1st Interim Dividend was paid on May 16, 2014 @ ₹ 3.00 per share (150%) which may be confirmed by the shareholders at the ensuing Annual General Meeting. 2nd Interim Dividend was paid on August 8, 2014 @ ₹ 1.60 per share (80%) which may be confirmed by the shareholders at the ensuing Annual General Meeting. 3rd Interim Dividend was paid on November 18, 2014 @ ₹. 2.35/- per share (117.50%) which may be confirmed by the shareholders at the ensuing Annual General Meeting. 4th Interim Dividend was paid on February 26, 2015 @ ₹. 2.50/- per share (125%) which may be confirmed by the shareholders at the ensuing Annual General Meeting.
Book Closure for AGM	Thursday, April 30, 2015 to Wednesday, May 06, 2015
Listing on Stock Exchanges	1. Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 023. 2. National Stock Exchange of India Limited, Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051. 3. Global Depository Receipts listed on London Stock Exchange Plc. 10 Paternoster Square, London EC4M 7LS

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

March 31, 2015	By May 15, 2015
June 30, 2015	By August 14, 2015
September 30, 2015	By November 14, 2015
December 31, 2015	By February 28, 2016
Annual General Meeting for the year ending December 31, 2015      On or before May 15, 2016	

**12.3 Registered Office:**

The Registered Office of the Company is situated at:

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

**12.4 Scrip Information:**

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

Corporate Identification number of the Company (CIN): L72900MH1992PLC069662

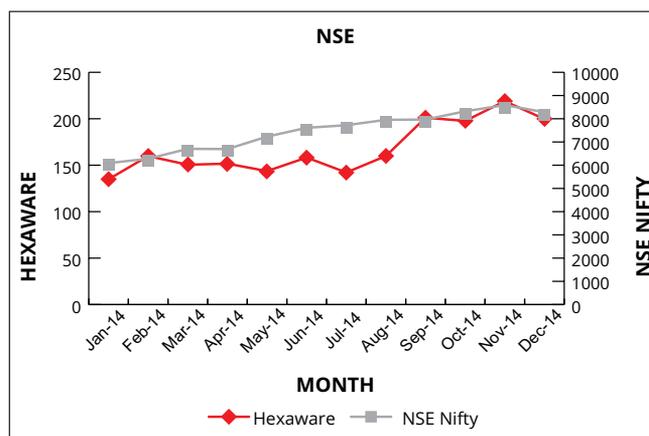
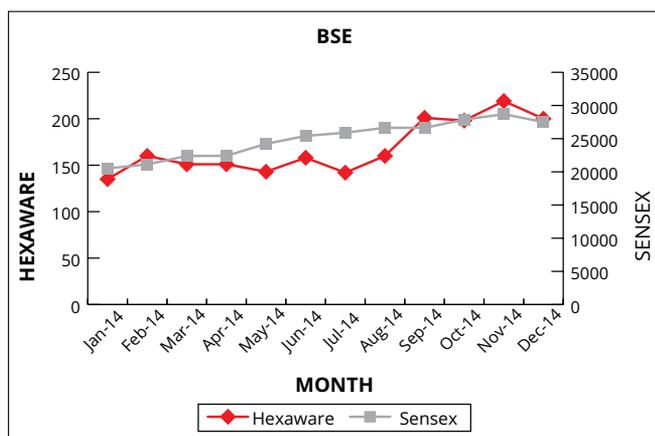
**12.5 Stock Market Data:**

The high/ low of the shares of the Company from January 2014 to December 2014 is given below :

Month	Bombay Stock Exchange (₹)		National Stock Exchange (₹)	
	High	Low	High	Low
January'14	145.70	125.70	145.75	125.25
February'14	167.00	124.90	166.80	124.45
March'14	164.95	141.10	165.00	141.10
April'14	179.85	147.10	180.00	146.95
May'14	154.50	130.60	154.75	130.00
June'14	162.05	140.85	162.00	140.50
July'14	159.85	140.70	160.00	140.30
August'14	163.95	137.20	163.90	137.80
September'14	208.40	155.95	208.30	155.75
October'14	206.75	166.10	206.75	166.10
November'14	226.40	193.25	226.25	191.90
December'14	230.50	190.75	230.50	190.40

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

**12.6 Stock Performance:**



## Report on Corporate Governance

### 12.7 Registrar and Share Transfer Agents:

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

**M/s. Sharepro Services (India) Private Limited**

**Unit: Hexaware Technologies Limited**

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

Tel. Nos : 67720300/ 67720356

Fax. Nos: 28591568

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

### 12.8 Share Transfer system:

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

The Registrar and Share Transfer Agents usually approve transfer of shares every week.

### 12.9 Distribution of Shareholding:

As on December 31, 2014

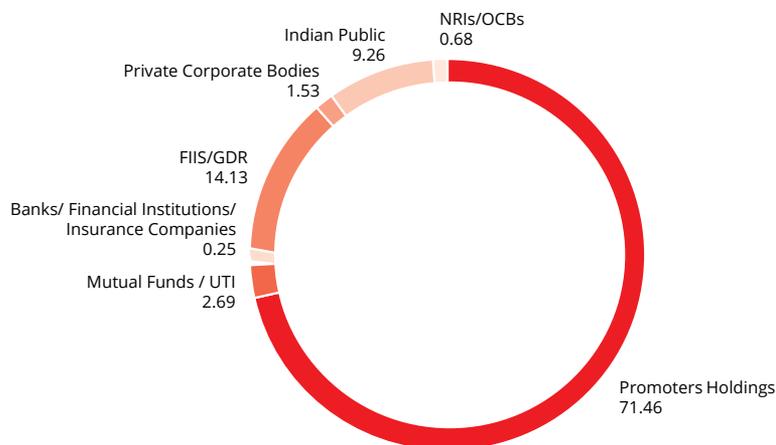
No. of Equity Shares held	No. of Shareholders	% of Shareholders	Total No. of Shares held	% of Shareholding
1 – 500	79854	90.27	11504274	3.82
501 – 1000	5109	5.78	3889308	1.29
1001 – 2000	1890	2.14	2856329	0.95
2001 – 3000	474	0.54	1214091	0.40
3001 – 4000	285	0.32	1035102	0.35
4001 – 5000	154	0.17	729234	0.24
5001 – 10000	312	0.35	2319143	0.77
10001 & above	381	0.43	277375991	92.18
<b>TOTAL</b>	<b>88459</b>	<b>100.00</b>	<b>300923472</b>	<b>100.00</b>

Categories of Shareholding (as on December 31, 2014):

Sr. No.	Category of Holder	No. of Shares	% of Equity
1.	Promoters Holdings	21,50,47,193	71.46
2.	Mutual funds/ UTI	80,96,248	2.69
3.	Banks/ Financial Institutions/ Insurance Companies (Central/ State Govt. Institutions/ Non-Govt. Institutions)	7,42,981	0.25
4.	FII's/ GDR	4,25,09,462	14.13
5.	Others:		
	- Private Corporate Bodies	46,00,583	1.53
	- Indian Public	2,78,52,377	9.26
	- NRIs/ OCBs	20,56,228	0.68
	- Trust	18,400	0.00
	<b>Sub Total</b>	<b>3,45,27,588</b>	<b>11.47</b>
	<b>TOTAL</b>	<b>30,09,23,472</b>	<b>100.00</b>

Pledge of Shares: None of the promoters have pledged shares of Hexaware as on December 31, 2014.

## Shareholding Pattern



Top 10 Shareholders as on December 31, 2014:

Sr. No.	Name of the Shareholder	No. of Shares	% of Shareholding
1.	HT GLOBAL IT SOLUTIONS HOLDINGS LIMITED	215047193	71.46
2.	GOVERNMENT PENSION FUND GLOBAL	4662289	1.55
3.	UNION INVESTMENT LUXEMBOURG S.A. A/C QUONIAM	1990499	0.66
4.	STICHTING PENSIOENFONDS ABP	1893952	0.63
5.	UTI-OPPORTUNITIES FUND	1800000	0.60
6.	GOLDMAN SACHS (SINGAPORE) PTE	1785948	0.59
7.	CITIGROUP GLOBAL MARKETS MAURITIUS PRIVATE	1680000	0.56
8.	WISDOMTREE TRUST A/C WISDOMTREE INDIA	1521609	0.51
9.	RELIANCE CAPITAL TRUSTEE CO LTD A/C-RELIANCE	1500000	0.50
10.	THE EMERGING MARKETS SMALL CAP SERIES OF THE DFA INVESTMENT TRUST COMPANY	1467575	0.48
<b>Total</b>		<b>233349065</b>	<b>77.54</b>

### 12.10 Dematerialization of Shares and liquidity:

Procedure for dematerialization/ rematerialization of shares:

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

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

98.61% of the issued capital of your Company has been dematerialized up to December 31, 2014.

#### 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.

# Report on Corporate Governance

## 12.11 Dividend payment date:

The Board has declared and paid the 1st interim dividend on May 16, 2014 @ ₹ 3.00 per share (150%), 2nd Interim dividend on August 8, 2014 @ ₹ 1.60 per share (80%), 3rd Interim Dividend on November 18, 2014 @ ₹. 2.35 per share (117.50%) and 4th Interim Dividend on February 26, 2015 @ ₹. 2.50/- per share (125%) which may be confirmed by the shareholders at the ensuing Annual General Meeting.

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

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

The outstanding GDR as on December 31, 2014 is 359,120.

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:

- 51,000 Options outstanding under ESOP Scheme 2002 entitles the holder to get allotted one Equity share of ₹ 2/- each in the Company at an exercise price as per the SEBI guidelines in force on the date of the grant or such price that was determined by the Remuneration and Compensation Committee ('Committee'). The options shall vest in four equal installments or as determined at the discretion of the Committee.
- 1,525,500 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.

Assuming all the Options granted, under all the three ESOP Schemes of the Company, which, would vest, be exercised and converted into Equity shares of the Company, the total number of Equity shares would increase by 1,576,500 of ₹ 2/- each.

## 12.13 Plant Locations (Hexaware Technologies Limited, India):

Registered Office & Offshore Development Center	152, Millennium Business Park, Sector III, 'A' Block, TTC Industrial Area, Mahape, Navi Mumbai - 400 710.	Navi Mumbai
Offshore Development Center	1, Millennium Business Park, Sector III, TTC Industrial Area, Mahape, Navi Mumbai - 400 710.	Navi Mumbai
Offshore Development Center	157, Millennium Business Park, Sector III, TTC Industrial Area, Mahape, Navi Mumbai - 400 710.	Navi Mumbai
Offshore Development Center	SIPCOT IT Park, Navalur Post, Siruseri - 603 103.	Chennai
Offshore Development Center	4th Floor & 5th Floor, Block 1.5 SEZ, Rhine building, Plot No. 3 Embassy Techzone, Rajiv Gandhi IT Park, Phase II, Village Murunji, Taluk Mulsi, Hinjewadi - 411 057 (SEZ) Pune.	Pune
Offshore Development Center	Prestige Pegasus, No. 14 & 19, Next to Total Mall, Sarjapura Road, Bengaluru - 560 034.	Bengaluru
BPS Center	Bldg. No 3, Sector - II, Millennium Business Park, A Block, TTC Industrial Area, Mahape, Navi Mumbai - 400 710, Maharashtra India	Navi Mumbai
BPS Center	Prince Infocity II, 2nd floor, No.283/3A, 283/4A & 283 /4B, No.141, Kottivakkam Village, Kandanchavadi, Chennai 600096, Tamilnadu.	Chennai
BPS Center	Survey no (Part) 38, 39,41,42 and 43 in village Khapri & Dahegoan, MIHAN, SEZ - MADC Nagpur - 441108, Maharashtra.	Nagpur
BPS Center	A-3, Elysium Central, Puliyakulam Road, Ramanathapuram, Coimbatore - 641045, Tamilnadu	Coimbatore
BPS Center	Khykha Castle, 4th Floor, #25, Castle Street, Ashok Nagar, Bengaluru - 560025, Karnataka	Bengaluru

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

Pursuant to the provisions of Section 205A (5) of the Companies Act, 1956, dividend which remains unpaid or unclaimed for a period of seven years from the date of its transfer to unpaid dividend account, is required to be transferred by the Company to the Investor Education and Protection Fund ('IEPF'), established by the Central Government under the provisions of Section 205C of the Companies Act, 1956. Shareholders are advised to claim the un-encashed dividend lying in the unpaid dividend account of the Company before the due date. A sum of ₹ 2,034,596/- has been transferred to the Investor Education and Protection Fund in the year 2014 towards unclaimed/unpaid dividend for the year 2006 and 2007.

Given below are the dates of declaration of dividend and corresponding last dates for claiming unpaid Dividend.

<b>Date of declaration of dividend</b>	<b>Dividend for the year</b>	<b>Last date for Claiming unpaid Dividend</b>
August 8, 2008 (Interim)	2008	September 14, 2015
May 5, 2009 (Final)	2008	June 10, 2016
July 29, 2009 (Interim)	2009	September 3, 2016
April 29, 2010 (Final)	2009	June 4, 2017
July 29, 2010 (Interim)	2010	September 3, 2017
January 11, 2011 (Special Interim)	2010	February 16, 2018
April 27, 2011 (Final)	2010	June 2, 2018
May 6, 2011 (Interim)	2011	June 11, 2018
July 27, 2011 (Interim)	2011	September 1, 2018
October 20, 2011 (Interim)	2011	November 25, 2018
April 27, 2012 (Final )	2011	June 3, 2019
April 27, 2012 (Q-1 Interim)	2012	June 3, 2019
July 31, 2012 (Q-2 Interim)	2012	September 6, 2019
November 1, 2012 (Q-3 Interim)	2012	December 08, 2019
April 29, 2013 (Q-1 Interim)	2013	June 4, 2020
April 30, 2013 (Final)	2012	June 5, 2020
July 19, 2013 (Q-2 Interim)	2013	August 24, 2020
February 7, 2014 (Q-4 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

### 12.15 Investor Correspondence:

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

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

Shareholders can contact the following Officials for financial matters:

<b>Name</b>	<b>E-Mail ID</b>	<b>Telephone Number</b>	<b>Fax No.</b>
Rajesh Kanani Chief Financial Officer	investori@hexaware.com	+ 91 22 4159 9595	+91 22 4159 9578

Following is the address for correspondence with the Company:

#### Hexaware Technologies Limited

Building No. 152, Millennium Business Park, Sector III, 'A' Block, TTC Industrial Area, Mahape,  
Navi Mumbai - 400 710. E-mail: investorinfo@hexaware.com

For and on behalf of the Board

**Atul K. Nishar**  
(Chairman)

Place: Mumbai  
Date: April 2, 2015

## Report on Corporate Governance

### DETAILS OF THE DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING (IN PURSUANCE OF CLAUSE 49 VIII (E) OF THE LISTING AGREEMENT.

At the Annual General Meeting, Mr. P R Chandrasekar and Mr. Atul Nishar, Directors of the Company retire by rotation and being eligible offer themselves for re-appointment. Mr. Basab Pradhan, Mr. Christian Oecking, Mr. R. Srikrishna, Mr. Jack Hennessey and Dr. Punita Kumar-Sinha were appointed as Additional Directors by the Board of Directors who hold office till the Annual General Meeting and in respect of whom Company has received notices in writing under Section 160 of the Companies Act, 2013 from a member proposing their candidature for the office of Director. The brief resume, experience and functional expertise and the membership on various Boards and Committees of Directors proposed to be appointed / re-appointed at serial no. 3, 4, 6, 7, 8, 9 and 10 of the Notice convening 22nd Annual General Meeting, as per the Corporate Governance Code defined under Clause 49 of the Listing Agreement are furnished below :

Name of the director	Mr. P. R. Chandrasekar	Mr. Atul Nishar	Mr. Basab Pradhan	Mr. Christian Oecking
<b>Date of Birth</b>	September 28, 1955	August 25, 1955	June 18, 1965	January 23, 1962
<b>Age</b>	59	59	49	53
<b>Date of first Appointment</b>	June 02, 2008	November 20, 1992	June 9, 2014	June 26, 2014
<b>Experience in specific functional area</b>	Wide Experience in Information Technology industry including mergers & acquisitions, business development, channel development and strategic initiatives.	An entrepreneur by nature and founder of Hexaware, has 25 years of experience in Information Technology Industry giving strategic direction and marketing focus.	Successful Career spanning IT Services, Technology and Consumer Marketing.	Twenty Five plus years of experience in Software Development and related Consultancy Services, Specifically in IT Outsourcing.
<b>No. of Shares held in the Company</b>	Nil	1000	15000	Nil
<b>Qualification</b>	Mechanical Engineering from Indian Institute of Technology, Madras (IITM), MBA from Jamnalal Bajaj Institute of Management Studies, Mumbai University.	B. Com, FCA, LLB.	B. Tech - IIT Kanpur and MBA - IIM, Ahmedabad.	Engineering Degree from University of Dortmund, Germany
<b>List of Companies in which directorship held</b>	Hexaware Technologies Inc. USA, Hexaware Technologies Canada Limited, Hexaware Technologies Mexico S de RL De CV, Risk Technology International Limited, Hexaware Technologies UK Limited, Hexaware Technologies GMBH, Germany	Hexaware Technologies Inc. USA, Hexaware Technologies UK Limited, UK, Serene Holding Ltd., Aza Fashions FZC, Pronto Holdings Ltd., Ornate Trading DMCC, Namaste America - Indo American Association for Art and Culture	Bowtiger LLC	Sepicon AG, Duesseldorf - Germany, Brockhaus AG, Luenen - Germany, NextiraOne B.V, Paris
<b>Chairman / Members of the Committee of the Board of Companies in which he is Director #</b>	Nil	Nil	NIL	NIL

<b>Name of the director</b>	<b>Mr. R. Srikrishna</b>	<b>Mr. Jack Hennessey</b>	<b>Dr. Punita Kumar-Sinha</b>
<b>Date of Birth</b>	August 18, 1970	February 25, 1969	May 13, 1962
<b>Age</b>	44	46	52
<b>Date of first Appointment</b>	October 17, 2014	November 05, 2014	March 26, 2015
<b>Experience in specific functional area</b>	20 Years of experience in IT industry. Has a great mix of Operational experience, technical breadth required to create long term profitable growth.	16 plus years of experience in managing multi billion dollar investments in Private Equity Industry and focusses on originating, monitoring and exiting MBOs.	Over 25 years of experience in fund management in International and emerging markets with deep investment expertise, extensive corporate governance insights, and broad based relationships in USA and Asia, particularly in India.
<b>No. of Shares held in the Company</b>	NIL	NIL	NIL
<b>Qualification</b>	Electrical Engineer from IIT - Madras and MBA from IIM - Kolkata	Bachelors degree in Science and Engineering (Hons.) from Monash University in Australia. MBA from INSEAD.	Ph.D. and a Masters in Finance from the Wharton School, University of Pennsylvania, Undergraduate degree in chemical engineering with distinction from the Indian Institute of Technology, New Delhi. MBA and also a CFA Charter holder, member of the CFA Institute.
<b>List of Companies in which directorship held</b>	Xurmo Technologies Pvt. Ltd., Xurmo Inc., Sprintfox Limited	NIL	SKS Microfinance, Mahindra Intertrade Limited Sobha Limited, Fino Pay Tech Limited, Rallis India Limited, SREI Infrastructure Finance Ltd, JSW Steel Limited, The Asia Opportunities Offshore Fund Limited, The Asia Opportunities Offshore Master Fund Limited
<b>Chairman / Members of the Committee of the Board of Companies in which he is Director #</b>	NIL	NIL	Mahindra Intertrade Limited - Audit Committee - Member, JSW Steel Limited - Shareholders'/Investors' Grievance Committee - Member, Fino Pay Tech Limited - Audit Committee - Member.

# The committees considered for the above purpose are those as specified in existing Clause 49 of the Standard Listing Agreement(s) i.e Audit Committee, Stakeholders' Relationship Committee.

**For and on behalf of the Board**

**Atul K. Nishar**  
(Chairman)

Place: Mumbai  
Date: April 2, 2015

# 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, 2014 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 10, 2015

## AUDITORS' CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE AS PER CLAUSE 49 OF THE LISTING AGREEMENT OF THE STOCK EXCHANGE

To the members of Hexaware Technologies Limited

We have examined the compliance of conditions of Corporate Governance by Hexaware Technologies Limited, for the year ended December 31, 2014, as stipulated in clause 49 of the Listing Agreement of the said company with the Stock Exchanges.

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

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

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

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

(Firm Registration No. 117366 W / W-100018)

**Abhijit A. Damle**

Partner

(Membership No. 102912)

Mumbai, April 2, 2015

## 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 Clause 49 (II) (E) (2) of the Listing Agreement of the Stock Exchanges in India, I hereby declare that all the Board members and senior management personnel of the Company as identified by the Company considering the requirements in this respect under clause 49 of the listing agreement, have affirmed compliance with the Code of Conduct for the financial year 2014.

**R Srikrishna**

CEO & Executive Director

Mumbai, February 10, 2015

# Management's Discussion and Analysis

## ECONOMIC OVERVIEW

### Global Economic Scenario

The International Monetary Fund expects world economy to grow at 3.5 and 3.7 percent in 2015-16, downward revisions of 0.3 percent relative to the October 2014 World Economic Outlook (WEO). The lower estimates mirrors the reappraisal of forecasts in China, Russia, the euro area, and Japan besides weaker activity in some major oil exporters due to the sharp drop in oil prices. The economic growth in the United States is expected to transcend 3% during 2015-16 and has been revised to 3.6% aided by domestic demand that will be driven by the sharp fall in oil prices, moderate fiscal adjustment, and an accommodative monetary policy stance, despite the projected gradual rise in interest rates. However, the dollar surge is projected to reduce net exports.

Although lower oil prices and quantitative easing support the Euro zone prospects, the IMF has lowered the economic growth to 1.2% for 2015 weighed by stagnation and inflation.

The impact of Abenomics is yet to translate into positive economic growth prospect for Japan as it witnessed a technical recession in the third quarter of 2014. The IMF has revised downward the economic growth to 0.6% in 2015 however; it has indicated lower oil prices and yen depreciation to aid growth in 2015-16.

For emerging market and developing economies, the IMF forecasts economic growth to remain broadly stable at 4.3% in 2015 and to rise to 4.7% in 2016-a weaker pace than forecast in the October 2014 WEO.

### Outlook

The dwindling oil prices, fiscal adjustments and easing monetary stance are some of the growth drivers which will aid economic recovery however, the economic growth outlook is likely to get influenced by the fall out between Russia and Ukraine, and the geo-political tensions persisting in Syria and ethnic tensions in the Mid-East nations.

### IMF Global Growth Rate (in %)

	2013	2014	2015	2016
World Output	3.3	3.3	3.5	3.7
Advanced Economies	1.3	1.8	2.4	2.4
United States	2.2	2.4	3.6	3.3
Euro Area	-0.5	0.8	1.2	1.4
Japan	1.6	0.1	0.6	0.8
Emerging Market and Developing Economies	4.7	4.4	4.3	4.7
China	7.8	7.4	6.8	6.3
India	5.0	5.8	6.3	6.5

Source: IMF, World Economic Outlook Update, January 2015.

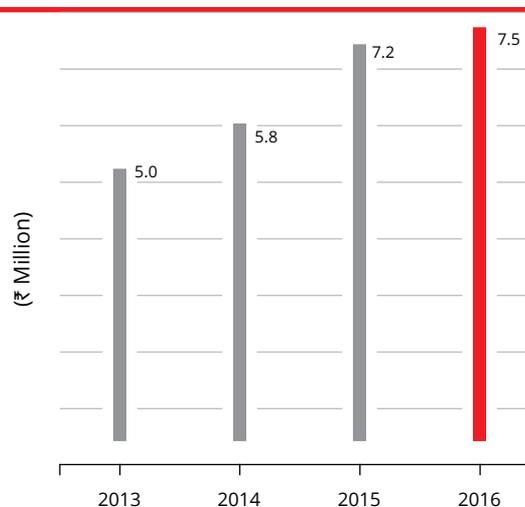
### Indian Economic Overview

The resurgent Indian economy is leading the growth momentum among the Emerging economies driven by the robust GDP growth, improved FDI inflows and pro-growth economic reforms such as hike in FDI cap in defence and insurance, deregulation of diesel and petrol prices, Ordinance on Coal and Insurance Bill and telecom spectrum auction.

The International Monetary Fund has raised its India GDP growth estimates for 2014-15 to 7.2% and 7.5% in 2015-16. The revised upward forecasts by the IMF from its earlier estimates of 6.3% and 6.5% for FY 2014-15 and 2015-16, reflect the new GDP methodology adopted by the Indian government.

### India GDP Growth Rate (in %)

#### India



Source: IMF, World Economic Outlook Update, January 2015.

These projections however, are lower than the Indian government forecast of 7.4% growth rate in 2014-15 and 8-8.5% in 2015-16 as per the revised GDP calculation methodology. The buoyant FY 2015 growth estimate follows an upbeat 7.5% expansion estimated during the third quarter of October-December 2014. (Source: Central Statistics Office (CSO), Ministry of Statistics and Programme Implementation). The Central Statistics Office (CSO), Ministry of Statistics and Programme Implementation, had revised its base year to 2011-12 and released revised annual estimate of National Income and other macroeconomic aggregates on 30th January 2015.

The February trade deficit contracted to a 17-month low at USD 6.8 billion led by oil imports which reduced by more than 55% from the previous month. Imports declined an annual 15.66% in February year-on-year to USD 28.39 billion. During the same period, Merchandise exports slumped 15.02% year-on-year to USD 21.54 billion. (Source: Government of India Ministry of Commerce & Industry Department of Commerce Economic Division)

After a prolonged sluggish period the manufacturing sector in January 2015 witnessed a significant growth at 3.3%. During the period April-January 2014-15, the sector registered a growth of 1.7% compared to a contraction of 0.3% in the corresponding period of the previous year. (Source: CSO)

For the month of January 2015, IIP grew 2.6% as compared to 1.1% increase in January 2014. However, the growth in January is lower than the 3.2% registered in December 2014. IIP registered a growth of 2.5% for the cumulative period April-January 2014-15 as against feeble increase of 0.1% in the corresponding period of the previous year. (Source: CSO)

## Management's Discussion and Analysis

Meanwhile, Consumer Price Index (CPI), which measures retail inflation, registered a slight uptick of 4.95% in the urban areas and at 5.79% in the rural segment, to register a combined increase of 5.37% in February, marginally higher compared to 5.19% for January 2015. The food inflation stood at 6.79% in February 2015, a tad higher than January food inflation at 6.14%. (Source: CSO)

### Outlook

The strong macro-economic factors such as lower twin deficits, that is, fiscal deficit and Current Account Deficit (CAD), falling oil prices and benign inflation have lent a renewed business confidence in the Indian economy.

### IT INDUSTRY OVERVIEW

#### Global IT industry

Gartner in its IT Spending Forecast Summary, Q4 2014 Update estimates the US-dollar-valued worldwide IT spending in 2015 is forecast to grow by 2.4%, down from the 3.9% forecast in last quarter's update. Stripping out the impact of exchange rate movements, the corresponding constant-currency growth figure is 3.7%.

The worldwide IT services market will exceed USD 980 billion in 2015, growing 3.9% in constant currency in 2015, or 2.5% in U.S. dollars. With outsourcing contributing more than half of market growth, the market will reach USD 1.1 trillion in 2018.

#### Growth trends in the IT Industry

- Emerging geographies and verticals, non-linear growth due to platforms, products and automation.
- Revival in demand for IT services from US and Europe.
- Increasing adoption of technology and telecom by consumers and focused government initiatives – leading to increased ICT adoption.
- High value client additions bigger than USD 1 million – the highest in the last 5 years, registering 13.5% growth.
- Emerging verticals (retail, healthcare, utilities) are driving growth above 14%.
- The SMAC (social, mobility, analytics, cloud) market is expected to grow to USD 225 billion by 2020.
- USD 1.6 billion is spent annually on training workforce and growing R&D spend.
- The National Optical Fibre Network (NOFN) is being laid down in phases to connect all the 250,000 grampanchayats in the country.

#### Export Revenues (USD billion)

Industry	FY 2015E
IT Services	55
BPM	23

#### Sector wise Revenues (%)

Sectors	FY 2015E
BFSI	41
Manufacturing	16
Healthcare	5

#### Geographic demand (%)

	FY2015E
USA	62
UK	17
Continental Europe	11
APAC	8
RoW	2

(Source: Nasscom)

### Indian IT Industry Scenario

The Indian IT Services industry is expected to report a 12.6% export revenue growth in FY15E highlights Nasscom. The revival in demand for IT Services from the US and Europe to be the growth driver for the Indian IT Services industry in FY2015.

#### Indian IT Services Revenue (USD billion)

Revenues	FY 2014	FY 2015E
Domestic	12	13
Exports	49	55
<b>Total</b>	<b>61</b>	<b>69</b>

Source: Nasscom

The Indian IT-BPM industry is expected to maintain its positive momentum following the thrust provided by the Indian government in the form of Digital India and Smart Cities projects. The industry is likely to register 12.3% growth in FY 2015 in terms of export revenues led by renewal in demand from the US reckons Nasscom.

#### Indian IT-BPM Revenue (USD billion)

Revenues	FY 2014	FY 2015E
Domestic	42	48
Exports	88	98
<b>Total</b>	<b>130</b>	<b>146</b>

Source: Nasscom

The Indian IT-BPM industry is expected to maintain its positive momentum following the thrust provided by the Indian government in the form of Digital India and Smart Cities projects. The industry is likely to register 12.3% growth in FY2015 in terms of export revenues led by renewal in demand from the US as per Nasscom.

### Business Overview

Hexaware Technologies Limited (Hexaware) is a global provider of IT, BPO and consulting services that caters to industries spanning across Banking and Financial Services, Travel and Transportation, Manufacturing and Services, Healthcare and Insurance with revenue over USD 400 million.

Hexaware focuses on delivering business results and leveraging technology solutions by specialising in Business Intelligence & Analytics, Enterprise Solutions, Quality Assurance and Testing Services, Remote Infrastructure Management Services and Business Process Services.

The company emphasises on three-pronged strategy encompassing Passionate Employees, Innovative Services and Customer Delight in delivering meaningful technology solutions to its customers.

Hexaware assists its clients ranging across North America, Europe and Asia Pacific attain a competitive advantage by co-developing innovative IT/Process capabilities delivered through flexible business models.

The company's onsite/offshore delivery model provides significant cost savings. Its development centres are assessed at SEI CMMI-Level 5 DEV & SVC, ISO 9001:2008, ISO 20000:2011 and are also TickIT certified. These enable the company to provide high value, high quality deliverables to its clients and thereby establish long lasting relationships with them.

### 2014 HIGHLIGHTS

#### New Wins

- 44 new clients added

#### Human Capital

- Headcount stood at 10,016 at the end of 2014; up 1,162 YoY

- 614 fresh graduate engineers added in 2014; 53% of all net additions
- Attrition at the end of December 2014 remained low at 14.1%

**Performance highlights**

- For FY2014, the company reported 8.9% revenue growth at USD 422.4 million and 13% to ₹ 25,817 million.

**Client Additions for 2014**

Geography	Clients Added
Americas	20
Europe	12
Asia Pacific	12

**KEY ACHIEVEMENTS**

**Large deal signed**

During last quarter of 2014, Hexaware has renewed a large deal with an existing client for over USD100 million. The relation provides opportunity to manage the key IT processes of the corporation.

**Investment in Technologies**

Proliferating mobile technology and onset of a new era of social business has empowered consumers with information and enriched them through networks that radically change expectations. This gets factored into our clients' requirements as well. Hexaware understands this as we integrate their enterprise operations with new software and technologies.

• **Innovation in Travel and Transportation (T&T):**

Our innovations extend our customers' operating parameters, delivering higher service productivity and optimising their costs.

**E-Freight Kit**

We partnered with one of our clients, one of the largest airlines globally, to develop a cost-effective technology enabler for handling airway billing processes seamlessly. Earlier, this was paper based. Our new application, E-Freight kit, allows accurate, paperless and timely electronic information exchange for partners in air cargo supply chain.

**Digital MRO Suite**

Most Airlines and Maintenance-Repair-Overhaul (MRO) service providers use old legacy-based in-house MRO applications having outdated technologies. These old generation MRO applications take enormous time for data migration. Moreover, useful data on hard copy/PDF formats often lie scattered; these have to be converted to a digitised format or integrated and stored in one common location such as a data mart or data warehouse. Besides this, airlines and MRO service providers hold excess inventory (including wrong parts).

Our Digital MRO Suite, incorporating mobility and augmented reality features, improves processes and achieves faster turnaround time in maintenance and parts tracking areas.

• **Innovation in Insurance:**

We provide comprehensive solutions in the Insurance sector—from assessing to planning and implementation to application development to maintenance support.

**iFraudEngine**

Insurers seek solutions which detect potential fraud at every phase of the product lifecycle, even at the quotation stage. This

can lead to reduced premiums and drive customer service giving insurance players a sustainable competitive advantage. Using this engine, companies can do actionable market intelligence and reporting, forecasting, early fraud identification and pattern detection, thus reducing underwriting.

**Insurance Policy Conversion Solution (iConvert+)**

We delivered a seamless data conversion application that allows a smooth data migration causing minimum disruption to business. The innovative iConvert+ suite is an advanced data migration engine built specifically for use in insurance data migration projects and also helps to partner de-duplication and address validation to enhance partner data quality. It also gives cost savings from a unified system, in addition to savings from reduced business downtime.

• **Innovation in Banking and Financial Services:**

**Onboarding solution**

Hexaware's Client On-Boarding Solution for Asset Manager by custodians for back office and mid office functions, which is a long and expensive exercise, aims to bring standardisation and reduces cost and time by following a repeatable process.

**AIM Toolkit**

Hexaware's AIM Toolkit is a comprehensive internal, regulatory and client reporting solution provides both pre-built and ad-hoc reporting tools and dashboards for portfolio management, risk management and performance management. This will help investment managers make informed decisions utilising standard and self-service reports. Also, the one-screen data view will help CXOs in taking organisational level decisions.

• **Technology transformation through Business Analytics (BA/BI)**

**Big Leap**

This application helps enterprises elevate their data management capabilities by successfully adopting Big Data technologies in ways that guarantee rapid value. It includes a lab setup with pre-built adaptors for quick proof of concept for business value definition.

**Data Modernisation**

This application enables transition from heterogeneous/legacy applications driven by business process change, consolidation or M&A, performance considerations to a modern platform using data management best practices and innovative tools. It delivers low-cost, cloud-based managed service model for data migration, data quality services and reduces dependency on business users through Hexaware IP tools like HexaRule, Fuzzy Data Quality Kit, Business Glossary, DQ Dashboards.

**Dr. Hadoop (IP/technology solution accelerator)**

This tool is a Hadoop Migration Solution Accelerator for efficiently transferring the data structure, data content between structured databases and Hadoop. It speeds up DW augmentation programmes by saving 60 to 70% effort.

• **Innovation in Quality Assurance and Testing**

**DT Compress**

Its Test automation utility to compare the source and target tables/files to validate business rules for transformations in ETL, data migration projects. No tool investment required, accelerates the test execution cycle as it can compare a million records between the source and target databases in 10 min.

# Management's Discussion and Analysis

## HexaBi - Test

Automated Reports content validation tool for pre and post migration testing of reports. It entails significant effort reduction in reports comparison testing as compared to a manual comparison.

## Hexajaws

An Cloud based cost effective performance test solution using JMeter and a Cloud service provider for portals (for e.g. ecommerce

sites) that are highly user intensive. It significantly reduces the cost of performance testing as the capex cost.

## INFRASTRUCTURE UPDATE

During the year, we added two delivery centres onsite in the USA at Alpharetta, Georgia, and Herndon, Virginia, increasing our capacity by 240 seats and bringing us closer to the customer.

## OPPORTUNITIES AND STRENGTHS

### OPPORTUNITIES

#### Large Deals

With the global economy recovering from the slowdown and developed economies registering economic growth, IT spending by corporates is increasing gradually. In order to focus on the core areas of business and strategy, global corporates are outsourcing their IT processes and requirements.

#### How we leveraged the opportunity

At Hexaware, we are capitalising on this emerging global trend. Over the years, we have been acknowledged as a differentiated IT services provider due to our ability to successfully win and execute high value and complex engagements from the existing clients. We have established ourselves as a major player in most of our focus areas and are confident of retaining our position as the preferred IT consulting partner for organisations globally.

#### Client orientation

At Hexaware, we pride ourselves in maintaining long, robust relationships with clients. For these existing clients, we have the opportunity to introduce new innovation and focused services to increase portfolio of offerings and deepen our relationship with them.

#### How we leveraged the opportunity

Hexaware has a significant portion of its overall revenue coming from clients where the relationship extends to several years. If one were to look at our top10 clients, the average tenure of the relationships with these clients is greater than five years. Once we establish a relationship with a client, we expand to get a substantial share of the customer's wallet. Not surprisingly almost 96% of our revenues are contributed by our existing clients. To complement our hunting teams, we have experienced hunters with deep domain expertise, strong networks and a deep understanding of the market. We have a strong account mining team that works closely with our account management team to identify a client's problem areas, process bottlenecks and other issues where we can help achieve operational efficiencies. With many new large accounts coming for rebidding, we are optimistic about growth opportunities in the coming year.

#### Innovations in Delivery model

The inherent dynamism of the IT industry means delivery models are constantly changing. These shifting delivery paradigms offer newer opportunities to provide greater innovations and enhanced services.

#### How we leveraged the opportunity

We believe that in our business, client satisfaction is of primary importance and have taken a number of initiatives to ensure better client service and ensure customer delight. All of our verticals and accounts have been empowered to take independent decisions to facilitate quick decision making. Each of our accounts have a dedicated account manager who has complete accountability and responsibility for that account. Further, the strong business understanding of our client facing team enables them to get quicker and deeper insights into client requirements. Our team has always been nimble footed and willing to go the extra mile to support our clients and ensure their success.

### STRENGTHS

#### Leaders in niche sectors

Over the years, we have developed and demonstrated leadership and expertise in our focus areas. Our enterprise solution offerings combined with best of class enterprise integration skills are our key differentiators. The following are some of the niche sectors where we are the market leaders:

- Among the leading IT solution providers for the Airline industry
- Fast emerging among the top Indian IT services provider in Germany
- One of the global market leader in PeopleSoft services
- Developed innovative solutions in Capital Markets especially Asset Management

#### Strong domain knowledge

One of our biggest competitive advantages is our deep insight and strong domain knowledge in the niche areas that we have been focusing. In order to continue our leadership position and continue moving up in the value chain we have been reinvesting in building our technical capabilities. We have created product Centre of Excellences that houses well defined framework, checklists and accelerators. Our employees have been dedicatedly working in this Centre of Excellences by leveraging modern tools and processes for developing solutions of tomorrow which will boost productivity and reduce project development time.

#### Effective delivery models

We have invested in building significant onsite delivery and consulting capability by locating our business practice leaders, account managers and top management team. This structure enables quicker decision-making and ease of access to customers. We have an enviable track record in building, operating and delivering solutions from very large offshore development centers (ODC). We offer a proven business model for customers looking to exploit delivery capabilities across the globe. Our models provide a framework for outsourcing large application and product management services and provide customers with economies of scope and scale.

**OPPORTUNITIES**
**Building a Sustainable growth model**

With the advent of technology, industry is changing rapidly. Obsolescence of existing technology is a reality that industries have to deal with and address very quickly. This creates opportunities to provide long term sustainable models to help improve efficiency and provide solutions that allow industries to remain up to date with latest technology trends.

**How we leveraged the opportunity**

Hexaware's leadership team works closely with client organisations to anticipate changes in the client's business and respond with strategies that enable them to capitalise on them. For example, during the year we partnered with Experitest to further enhance our mobile automation delivery capabilities to meet our client's needs.

We provided our customers with SeeTest, a robust solution for end-to-end mobile application test automation. With SeeTest, we will be able to steer a client's mobile test automation requirements in the right direction with consultants who are available to translate a client's needs into an effective application test solution through in-house frameworks. With this partnership, we are well equipped to keep up with the dynamics of technology in mobile test automation, and extend our model to include additional mobility test imperatives like device-level performance testing as a by-product of test automation.

In addition to this, we partnered with Oracle to launch Oracle's PeopleSoft Test Framework services, which will allow users to install, configure, implement and maintain PTF automation. Our PTF services allow customers to execute more tests with greater accuracy in a shorter time frame, and enable significantly reduced operational costs. With this offering, we are not only saving money for our clients by helping to eliminate unnecessary and redundant processes, but also enabling an enhanced time-to-market solution with Return on Investment (ROI) within just two test cycles.

**STRENGTHS**
**Flexible**

As a mid-size vendor, we provide a great deal of flexibility in both the contractual and delivery models. This includes using innovative pricing and payment models that meet the unique expectations of our clients, optimising our SEI CMMI Level 5 processes to meet specific customer requirements. Our adaptable working relationships stretch from fixed time/ fixed fee/ time and material to the Shared Services model.

**Strong talent pool**

We believe that our employees are the leaders of tomorrow and we have been investing in them. We make our employees undergo several skill enhancement workshops and programmes in order to hone their skills. Our training structure ensures appropriate mix of domain and technical certification, soft skills training and cross cultural sensitization programmes. Further, in order to ensure that our onsite employees don't miss on their continuous skill enhancement, we have set up the eLearning platform HexaGuru+ which benefits onshore associates working at client locations to continuously learn and upgrade their skills and enhance service delivery.

**Programme Risk Management**

We continue to monitor critical projects based on a criticality index derived from few identified parameters. A Steering Committee of senior executives in the Company holds regular meetings and continuously monitors the progress of such projects. We have established processes to identify and mitigate any risk during the transition process as well as when the relationship is stable. We will invoke such processes to ensure the overall risk or delays are minimised.

**FINANCIAL REVIEW (CONSOLIDATED)**
**Balance Sheet Analysis**
**a) Share Capital**

The paid-up Share Capital of the Company as at December 31, 2014 was ₹ 601.85 million comprising of 300,923,472 Equity Shares of ₹ 2 each. During the year, 1,047,525 shares were allotted under ESOP plans.

**b) Reserves and Surplus**

The Company's global reserves (excluding hedging reserve account) reduced marginally by ₹ 74.56 million to ₹ 12,556.71 million as at December 31, 2014 from ₹ 12,631.27 million as at December 31, 2013. The premium received on issue of shares under ESOP was ₹ 46.36 million

Since the Company adopted the principles set out in the Accounting Standard AS 30 "Financial Instruments: Recognition and Measurement", it has created hedging reserve, which amounted to loss of ₹ 253.01 million (Previous year loss of ₹ 1,239.41 million) for hedged transactions.

**c) Deferred Tax Liability and Assets**

The Company accounts for deferred tax in compliance with the Accounting Standard. The Company recognized ₹ 118.68 million as deferred tax liability as at December

31, 2014 (₹ 275.54 million as at December 31, 2013) and deferred tax asset of ₹ 293.89 million as at December 31, 2014 (₹ 227.32 million as at December 31, 2013). The Company records net positions as assets and liabilities based on tax jurisdictions considering rights to offset. Note no. 6 of financial statements provides components of assets and liabilities.

**d) Trade payables**

Trade payables increased to ₹ 680.35 million as on December 31, 2014 against ₹ 493.99 million as on December 31, 2013. This represents payables for the goods and services.

**e) Other long term and short term liabilities**

- **Long term liabilities**

Other long term liabilities increased to ₹ 31.06 million as on December 31, 2014 as against ₹ 9.17 million as on December 31, 2013, an increase of ₹ 21.89 million, on account of increase in liability for derivative contracts by ₹ 16.19 million and in capital creditors by ₹ 5.70 million mainly for campus expansion at Seruseri, Chennai.

- **Other current liabilities – short term**

## Management's Discussion and Analysis

		₹ million	
		2014	2013
i	Unearned Revenues	226.16	143.95
ii	Unclaimed dividend	96.40	54.82
iii	Employee related liability	847.99	676.83
iv	Statutory liabilities	322.04	256.07
v	Deposit received for Customer / Lessee	0.38	0.35
vi	Capital Creditors	79.39	113.51
vii	Liability for mark to market losses on derivative contracts (net)	51.54	43.80
viii	For Expenses	521.80	470.96
<b>Total</b>		<b>2,145.70</b>	<b>1,760.29</b>

### The increase is largely in:

- Unearned revenue, i.e. advance billing to customer not recognised as revenue increased by ₹ 82.21 million
- Unclaimed dividend ₹ 41.58 million
- Employee related payables ₹ 171.16 million which includes salary, bonuses/incentives payables and other related provisions
- Statutory liabilities not due for the payment ₹ 65.97 million
- Payable for operational expenses ₹ 50.84 million
- Liability for mark to market loss on derivatives (currency forward contracts) ₹ 7.74 million

### This increase was partially offset by a decrease in:

- Capital creditors ₹ 34.12 million

### f) Provisions - Long term and short term

#### • Long term Provision

As at December 31, 2014, long term provisions relating to employee increased by ₹ 82.97 million to ₹ 287.82 million from ₹ 204.85 million as on December 31, 2013 on increase in provision for gratuity and compensated absences.

#### • Short term provision

		₹ million	
		2014	2013
i	Provision for employee benefits	427.44	401.52
ii	Proposed dividend	752.31	2,552.27
iii	Tax on proposed dividend	154.03	433.76
iv	Provision for taxation (net of advance tax)	58.82	36.32
v	Others	92.30	151.55
<b>Total</b>		<b>1,484.90</b>	<b>3,575.42</b>

Short term provisions for employee benefits as at December 31, 2014 increased to ₹ 427.44 million from ₹ 401.52 million as on December 31, 2013, an increase of ₹ 25.92 million. Provision for employee benefits comprises of provision for gratuity and compensated absences.

In other short term provisions, proposed dividend and tax there on decreased to ₹ 906.34 million as at December 31, 2014 from ₹ 2,986.03 million as at December 31, 2013, decrease of ₹ 2,079.69 million.

The provision for taxation increased by ₹ 22.50 million and other provisions decreased by ₹ 59.25 million.

### g) Fixed Assets

During the year, the additions to fixed assets were at ₹ 399.56 million. The primary reasons for addition to fixed assets are:

- Additional consideration for the leasehold land ₹ 93.73 million
- Additional facilities at Chennai campus ₹ 19.57 million
- Computer, software and other asset ₹ 286.26 million for current operations

As at December 31, 2014 capital work-in-progress (CWIP) increased to ₹ 350.46 million from ₹ 220.42 million on December 31, 2013 as the Company started the phase 2 development in SEZ Campus at Siruseri in Chennai.

The Company has made contractual commitment to vendors who are executing various infrastructure projects. The estimated amount of such contracts remaining to be executed on capital account and not provided for (net of advances) was ₹ 1,898.57 million as on December 31, 2014 (₹ 223.77 million as on December 31, 2013).

### h) Investments

As at December 31, 2014, the Company's investments in mutual funds decreased to ₹ 1,850.96 compared to ₹ 3,378.06 as on December 31, 2013.

### i) Trade Receivables

As at December 31, 2014, trade receivables have increased to ₹ 3,656.38 million as against ₹ 3,235.78 million as on December 31, 2013. As at the year ended December 31, 2014, the Company has provisioning of ₹ 61.11 million for the doubtful debtors as against ₹ 68.71 million on December 31, 2013. The Days' Sales Outstanding (DSO) of the Company improved to 47 days as on December 31, 2014 compared to 48 days as on December 31, 2013. This compares favourably with most other companies in the IT industry.

### j) Cash and Cash Equivalents

Cash, balances with banks and balance in deposits with financial institution including restricted bank balances aggregates to ₹ 3,088.41 million as on December 31, 2014 (₹ 2,885.96 million as on December 31, 2013). These balances have increased due to increased collection from debtors. Cash and cash equivalent including MF investment was ₹ 4,939.37 million as on December 31, 2014.

### k) Long term and short term loans and advances

#### • Long term loans and advances

		₹ million	
		2014	2013
i	Capital Advances	56.44	11.26
ii	Security Deposits	119.27	83.04
iii	Advance Income Tax and Fringe benefit Tax (net of provision for tax)	335.04	219.80
iv	Mat Credit Entitlement	828.44	913.85
v	Other Loans and advances	59.71	62.76
<b>Total</b>		<b>1,398.90</b>	<b>1,290.71</b>

There is increase of ₹ 108.19 million largely comprising of increase in advance tax of ₹ 115.24 million, increase in capital advances by ₹ 45.18 million and security deposit by ₹ 36.23 million offset by decrease in MAT credit entitlement of ₹ 85.41 million.

#### • Short term loans and advances

₹ million

	2014	2013
i Security Deposits	7.77	27.08
ii Advance Income Tax (net of provision for tax)	34.30	50.56
iii Other Loans and advances (includes service tax receivable, prepaid expenses and employee advances)	495.84	405.79
<b>Total</b>	<b>537.91</b>	<b>483.43</b>

There is increase of ₹54.48 million due to increase in other loans and advances by ₹ 90.05 million which was partially offset by decrease in security deposit and advance income tax by ₹ 19.31 million and ₹16.26 million, respectively.

**I) Other non-current and current assets**

• **Other non-current assets** ₹ million

	2014	2013
i Interest accrued on deposits	9.03	1.27
ii Unbilled services	95.69	-
iii Restricted bank balances	223.39	175.44
<b>Total</b>	<b>328.11</b>	<b>176.71</b>

Other non-current assets increased by ₹ 151.40 million mainly on increase of unbilled services by ₹ 95.69 million, bank balances in unclaimed dividend accounts and other restricted bank balances by ₹ 47.95 million and interest accrued on deposits by ₹ 7.76 million.

• **Other current assets** ₹ million

	2014	2013
i Interest accrued on deposits	0.54	106.01
ii Unbilled services	1,229.44	1,027.81
<b>Total</b>	<b>1,229.98</b>	<b>1,133.82</b>

Other current assets consist of Interest accrued on deposits and unbilled services. Interest accrued on deposits is decreased by ₹ 105.47 million on outstanding balances invested in fixed deposits. Unbilled services increased by ₹ 201.63 million to ₹ 1,229.44 million as on December 31, 2014 compared to ₹ 1,027.81 million on December 31, 2013. In aggregate long term and short term unbilled services have increased by ₹ 297.32 million.

**Results of Global Operations (P&L)**

**Income from Operations**

During the year, the revenue from operations grew by 12.97% to ₹ 25,816.77 million from ₹ 22,853.48 million in 2013 on increased volumes, onsite mix and bill rates. The revenue equivalent in US Dollar terms was 422.4 million.

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

Revenue split (%)	2014	2013
Onsite	55.5	53.0
Offshore	44.5	47.0

The blended utilisation was at 71.7% during 2014 as against 72.0% in 2013.

**Other Income**

During the year, global other income was reported at ₹227.76 million as compared to ₹372.74 million in the previous year, decrease of ₹144.98 million. This decrease was mainly due to the reduction of dividend and interest income by ₹162.54 million.

**Expenses**

**Software Development Expenses**

During the year, the Company's Software Development expenses increased to ₹ 4,001.14 million compared to ₹ 3,478.98 million in 2013, an increase of 15%. The increase was attributed largely on account of increase in outsourcing and subcontracting charges and increase in onsite travel and related expenses, in line with revenue growth.

**Employment Expenses**

The Company's Employment expenses increased to ₹ 14,596.33 million in 2014 from ₹ 12,218.78 million in 2013, an increase of 19.46%. As a percentage of income from operations, employment expenses increased to 56.54% for 2014 from 53.4% for 2013. Increase in cost is mainly on account of salary increments comparable with most IT companies and additional investment in sales force. The total employee count was 10,016 as on December 31, 2014 from 8,854 at the beginning of the year, a net increase of 1,162 employees.

**Administration and other Expenses**

The Company's Administration expenses increased to ₹ 2,443.70 million in 2014 from ₹ 2,033.42 million in 2013, an increase of 20.18%. As a percentage of income from operations, administrative and other expenses increased to 9.46% for 2014 from 8.90% in 2013.

**Operating margin**

Global Operating profit (earnings before interest, tax, foreign exchange gain/ loss and other income) stood at ₹4,335.88 million in 2014 as against ₹ 4,736.26 million in 2013.

**Depreciation**

During the year, depreciation increased to ₹ 439.72 million from ₹ 386.04 million in 2013 largely on account of additions of computer, software and equipment.

**Profit before Tax**

The Profit before Tax in the current year was ₹ 4,181.19 million compared to ₹ 4,794.97 million in the previous year.

**Provision for Taxation**

During the year, the provision for taxation is at ₹ 979.67 million compared to ₹ 1,003.62 million in the previous year. Effective tax rate increased to 23% in 2014 compared to 21% in 2013.

**Profit after Tax**

The net profit for 2014 is at ₹ 3,201.52 million as against ₹ 3,791.35 million for 2013.

**Dividend**

During the year, the Company paid interim dividends on equity shares: Q1 - ₹ 3.00 (150%), Q2 - ₹ 1.60 (80%), Q3 - ₹ 2.35 (117.5%), Q4 - ₹ 2.50 (125%). This brings the interim dividend for the four quarters of 2014 to ₹ 9.45 per share (472.5%).

The Board of Directors has not recommended any final dividend. The total cash outgo for dividend declared in 2014 on account of interim dividend and tax thereon amounts to ₹ 3,374.57 million.

The breakup of dividend is as under:

	₹ million				
	Q1	Q2	Q3	Q4	Total
Dividend	900.97	480.52	707.17	752.31	2,840.97
Tax	153.12	81.66	144.79	154.03	533.71
<b>Total</b>	<b>1,054.09</b>	<b>562.18</b>	<b>851.96</b>	<b>906.95</b>	<b>3,374.57</b>

# Management's Discussion and Analysis

## RISK MANAGEMENT

In the ever changing dynamic world where everything changes rapidly, businesses, in order to stay ahead, need to make certain projections for future growth. Usually the projections materially differ from the time projections are made and the time when decisions are taken. It is more evident in fast evolving space like IT, which is driven by people and where every output is unique and obsolescence is much faster. Hence, it becomes essential to

identify the broad risk categories and provide mitigation measures to manage risks. At Hexaware, we have identified the risks under verticals like revenue concentration risks, financial risks and operational risks. We have formulated policies, procedures and strategies for managing risks which is affirmed by our global CEO and CFO, after consultation with all business units, functions and department heads.

### RISKS

#### 1. REVENUE CONCENTRATION RISKS

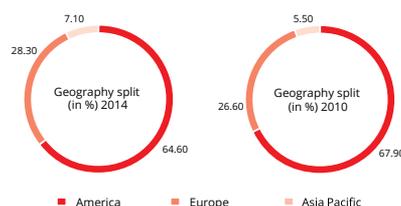
##### i. Geographical Concentration risk

America continues to be our largest contributor of revenue with nearly two-thirds of our total revenues coming from the United States. A high dependence on any specific geography can impact our growth plan in the event of a sudden slowdown, change in trade policies, local laws, political environment and work culture. Apart from these, other factors like exchange rate and profitability of American companies might also impact our earning potential.

### MITIGATION

- Over the last couple of years, we have expanded our global footprints aggressively to diversify our geographic concentration. We have our presence in 23 countries globally and 31 locations.
- We have increased the share of our revenues from Europe and Asia Pacific from 26.6% and 5.5% in 2010 to 28.3% and 7.1% in 2014.

Revenue spread (in %)



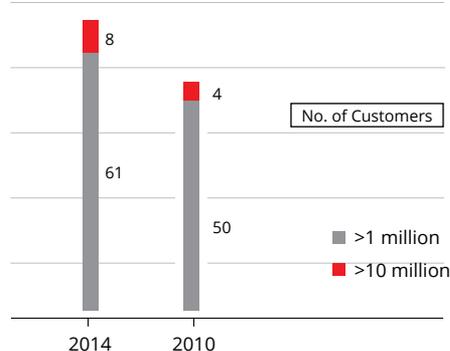
### STRATEGY

- Our exposure to the US regions is in line with the global industry practices and we will continue to invest in the region. The optimism comes from the fact that US contributes to a little more than a fifth to the global GDP. There are a number of other growth factors such as favor for capitalism, highest per capita income, innovation driven culture and focus to retain high end work that allow us to identify and address the pockets of inefficiencies in the most optimum way.
- Within Europe, we have a strong presence in Germany and we continue to invest and grow in this region.
- In Asia Pacific, we are focusing on Australia and India to grow our business.

##### ii. Client concentration risk

Around 50% of our revenue comes from the top 10 clients. Any loss or major downsizing by these clients may impact our profitability. Further, excessive exposure to particular clients will limit our negotiating capacity and expose us to higher credit risk.

#### Client Concentration



- In the last five years, we have increased our client base from 157 clients in 2009 to 236 clients in 2014.
- During the year under review, we added 44 new clients. We maintain a diversified high quality client roster that can be accessed through the depth of relationships with existing clients as well as the fortune 500 list.
- The number of clients contributing revenues of USD 1 million or more has increased to 61 clients in 2014 as compared to 50 clients in 2010.
- Our growth strategy involves a mix of new client addition and mining the accounts of existing clients. As we add more clients and grow our revenues from the existing clients, we naturally reduce our dependence on the large clients. Moreover, large clients allow quick scaling up of revenues and they come with much higher margins due to lower associated cost and more cost predictability.
- We will strengthen management bandwidth in both sales & marketing and service delivery in order to increase revenue from the top 70 clients.

**RISKS**

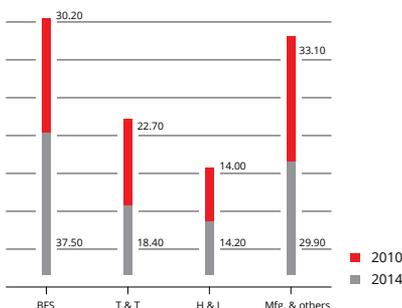
**iii. Verticals concentration risk**

Around 50% of our revenue comes from two verticals - Banking & Financial Services and Travel & Transportation. Excessive dependence on selected verticals may adversely affect profitability in case of downturn in the fortunes of clients in this group or a reduction in their IT spending/budgets.

**MITIGATION**

- In order to mitigate the risk, we provide solutions to a wide range of verticals spanning across Banking & Financial Services, Travel & Transportation, Healthcare & Insurance and Manufacturing & other verticals.

**Revenue Share % - Vertical**



**iv. Horizontal concentration risk**

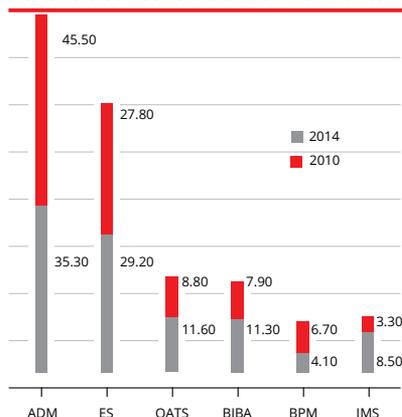
The overall composition of our revenue from our horizontals is skewed as around 60% of the revenue is derived from just two horizontals - Application Development & Maintenance and Enterprise Solutions. Any significant change in technology may impact the growth of these two horizontals which will ultimately affect our revenues.

- We are forging alliances with global product leaders, participating in global forums, working closely with global best organisations and consistently making high investment in our innovation centres.
- We are continuously launching and investing in additional service offerings in line with the market demands and aspirations.
- We are investing continuously in emerging and disruptive technologies like Social Media, Mobility, Analytics, Cloud and Big Data. Over the years, our contribution in the Business Intelligence & Analytics horizontal has increased from 7.9% in 2010 to 11.3% in 2014.
- In an attempt to fill an important void in our service offerings, we had earlier launched Remote Infrastructure Management Services (Remote IMS). In a short span of 4 years, the horizontal service line has grown to a healthy headcount and contributed to 8.5% of overall revenue in 2014 compared to 3.3% in 2010.

**STRATEGY**

- We will continue to identify focused verticals and strengthen its positioning in these by building capabilities around each sub-industry practice.
- We will be acquiring new talent, providing training, retaining right talent, assigning new dedicated teams for execution of projects, creating centers of excellence for innovation for each sub-industry.

**Revenue Concentration % - Horizontal**



# Management's Discussion and Analysis

RISKS	MITIGATION	STRATEGY
<b>2. FINANCIAL RISKS</b>		
<p><b>i. Foreign Currency fluctuations</b></p> <p>Foreign exchange fluctuations are one of the key risks impacting our business. The offshore part of the Revenue remains exposed to the risk of Rupee appreciation vs. the US Dollar, the Euro and other foreign currencies, as the costs incurred are in Indian Rupees and the Revenue/ Inflows are in foreign currencies. The contracts we enter into with our customers tend to run across several years and most of these contracts are at fixed rates, any appreciation in the Indian rupee vis-à-vis foreign currencies will affect our margins.</p>	<p>Foreign Exchange markets continue to be volatile and have demonstrated stark movements on both sides in the last few years. The Foreign Exchange Risk Management Policy authorised by the Forex Committee of the Board takes these realities into account and authorises hedging on a systematic basis. These risks have been effectively addressed by the processes and controls laid out in the Foreign Exchange Risk Management Policy.</p>	<p>The hedge ratio assigned to the exposures depends on the time horizon in which they fall, the near term exposures get a higher ratio whereas the farther exposures get a lower ratio. This graded approach ensures that hedges are spread across the hedge horizon in a tapered down manner.</p> <p>As at December 31, 2014, the Company had hedges worth USD 183.86 million at an effective average exchange rate of ₹ 64.54 and hedges worth Euro 2.74 million at an effective average exchange rate of ₹ 76.43 maturing over the course of the next eight quarters (from January 2015 till December 2016).</p>
<p><b>ii. Liquidity risk</b></p> <p>We need a continuous access to funds to meet our short and long term strategic investments. Our inability to meet such requirements in stipulated period may hamper our growth plan and even ongoing operations. Further, our inability to quickly convert our assets into cash without incurring any appreciable loss will expose us to liquidity risks.</p>	<ul style="list-style-type: none"> <li>Over the years, we have increased our liquidity position by maintaining high cash &amp; bank balance and investments. As on December 31, 2014, we had a total cash and bank balances and investments of ₹ 4,939 million, which constitutes 28% of our total assets.</li> <li>We are a zero debt company.</li> </ul>	<p>Maintain efficient cash conversion ratio. Billing to collection cycle being monitored so as to keep DSO comarable to Industry Standards.</p>
<p><b>iii. Credit risk</b></p> <p>Since most of our transactions are done in credit we are exposed to credit risk on accounts receivable. Any delay, default or inability on the part of the client to pay on time will expose us to credit risk and can impact our profitability.</p>	<ul style="list-style-type: none"> <li>We have adopted an effective receivable management system to control the Days' Sales Outstanding (DSO).</li> <li>We are able to maintain our DSO (including unbilled) to 63 days as on December 31, 2014, placing us favourably when compared with other companies in the IT industry.</li> </ul>	<ul style="list-style-type: none"> <li>Our continuous pursuit to add more large and diverse clients will help us in reducing the concentrations of credit risk.</li> </ul>
<b>3. OPERATIONAL RISKS</b>		
<p><b>i. Attrition risk</b></p> <p>Being a service company, our success depends upon our highly skilled technology professionals and our ability to attract, hire, train, motivate and retain them. Our inability to retain high-performing and high-potential employees and leaders can jeopardise our client commitments and our growth plans.</p>	<ul style="list-style-type: none"> <li>We are consistently developing and retooling our employee friendly policies to attract and retain the best talent.</li> <li>We have created well defined career growth path, strengthened our internal HR processes, created forums to address employee issues, developed a culture of reward and recognition, provided an easy access to leadership team all of which help us to attract and retain the right talent.</li> </ul>	<ul style="list-style-type: none"> <li>We will continue to create and maintain a pool of world-class resources by recruiting best talents form leading colleges and from within the industry.</li> <li>We will invest in imparting effective &amp; efficient training, blend talent into productive resources by creating challenging opportunities on projects and groom them in order to assume bigger responsibilities.</li> <li>We will take measures to check attrition rate and will try to bring it down in subsequent years.</li> </ul>
<p><b>ii. Competition risk</b></p> <p>With the easier availability of funding and easing of norms for starting up a business, many new companies are foraying into the technology space, as these have high margins. This is leading to increase in competition. This in turn might affect our cost advantages, which could reduce our share of business from clients and decrease our revenues.</p>	<ul style="list-style-type: none"> <li>With our focused approach, deep domain knowledge and technology prowess, we have created very strong differentiators in terms of quality and our product &amp; service offerings.</li> </ul>	<ul style="list-style-type: none"> <li>We will consistently invest in upgrading our processes and retooling our skill set in order to provide better and differentiated service offerings to our clients and stay ahead of competition.</li> </ul>

RISKS	MITIGATION	STRATEGY
<p><b>iii. Legal and Contractual compliance risk</b></p> <p>Any disclosure of confidential information, system failures, errors or unsatisfactory performance of services might cause damage to our customers' business &amp; operations and make us liable to them.</p>	<ul style="list-style-type: none"> <li>We have a cross functional contract review team who analyses the contracts/agreements that we enter into with our clients.</li> <li>Further, the risk pertaining to that particular agreement/ contract is approved by the Senior Management after thorough analysis.</li> <li>On case to case basis, the operational teams spread across the globe are made aware of the compliance related issues to adhere to all contractual commitments.</li> </ul>	<ul style="list-style-type: none"> <li>We will continue to comply with the local laws of respective countries while providing services to clients across the globe.</li> </ul>
<p><b>iv. Disaster risk</b></p> <p>Natural disasters are beyond human control and may hamper our ability to provide our services as per the SLAs. In the event of force majeure, the work may get hampered or the potential loss of information from the computers is a risk and may affect the client.</p>	<ul style="list-style-type: none"> <li>We have well defined Business Continuity Plan (BCP) and have achieved milestones in Information Security with successful completion of the certification audit and recommendation for certification against ISO 27001 standards for Chennai, Mumbai, Pune and Mexico development centers.</li> </ul>	<ul style="list-style-type: none"> <li>We will continue adhering to these quality standards to ensure business continuity and mitigate the damage by preventing and minimising the impact of security incidence.</li> </ul>

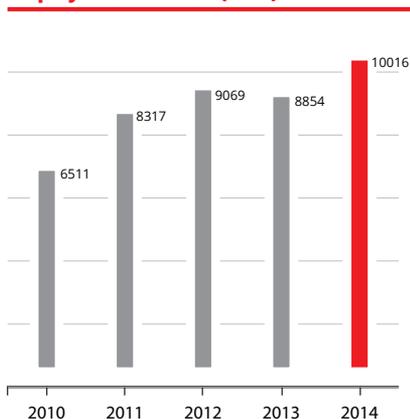
**MATERIAL DEVELOPMENT IN HUMAN RESOURCES**

In the IT industry sector, the human capital of an organisation plays the most crucial role in achieving customer satisfaction, apart from technology and innovation. Your company strongly believes that passionate employees will lead to more innovation within the organisation leading to delighted customers. At Hexaware, we emphasise on recruiting, nurturing, and retaining the best skills in the industry and align the needs of the company with the aspirations of our employees.

With this, the global headcount at the end of 2014 increased to 10,016 consultants, representing various nationalities deployed across 20 countries. Of the total work force, Technical personnel consisted of 92.2%.

Our workforce is drawn from many nationalities, spanning over multiple countries globally. Customer interest is core to us and our choice of office locations merely reflects a desire to harness talent irrespective of languages and help build the most suitable and desired model for customer comfort and advantage.

**Employee headcount (Nos.)**



**Employee break up**

	2014	2013	2012
IT Services %			
Billable Personnel			
Onsite	21.1	18.6	17.1
Offsite	71.1	73.1	75.2
<b>Total</b>	<b>92.2</b>	<b>91.7</b>	<b>92.3</b>
Marketing (incl. sales support)	2.1	2.1	1.9
Others (incl. Tech support)	5.7	6.2	5.8
<b>Grand Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

**KEY HR INITIATIVES IN 2014**

Your company has taken initiative to improve the human resources effectiveness through automation of HR systems and processes, improving employee engagement with several ground-up activities.

HR team has made attempt to improve the morale and confidence of the employees by conducting various employee engagement activities at different level such as pulse and skip meets, Happy Hours, Round table series etc.

**At the entry level**

Employee connect programmes, KYO, Business etiquettes training, mentoring and buddy system and Trainee Forums.

In order to make Hexaware a great place to work, and build a workforce that is passionate, Hexaware has embarked on a journey to measure the passion index within the company and the work environment through an internal survey facilitated by an external agency.

"Hexacare", as a part of HR initiatives, reaches out to employees by creating awareness about physical well-being and safety, thereby contributing to the holistic development of the employee. Medical check-up camps, wellness programmes, and spiritual awareness workshops were conducted by them.

Your company has examined the existing policies, practices and procedures and is in the process of revamping the same bringing them at par with the industry best practices. In the same spirit the CSR and whistle-blower policies have been revamped and strengthened.

# Management's Discussion and Analysis

## Improving employee motivation

With a focus in improving motivation, the leaders communicated more frequently with the employees to discuss about the changes. 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.

With the focus to align the employee career aspirations with the functional necessities arising out of the new business orientation and bridge the talent gap, we have focused on promoting talent from within; by not only encouraging but also preparing them to take the higher position when required. Many key positions were fulfilled by vertical and / or horizontal movements of deserving candidates from within, thus leading to increased employee motivation and morale. A Career Management System is being put in place to meet the career aspiration of the employees and to provide them with a growth path that is transparent and visible.

## Employee engagement

As a part of the employee engagement programme, regular connect programmes such as skip and pulse meets, round table series with the senior management, Happy Hours, Open Houses were conducted and the feedback was shared with the management.

## Workshops

HR conducted workshops and other activities under the banner of "HexaCare". These workshops brought about awareness about health, safety and physical well-being of the employee. Some of the workshops that were conducted are listed below:

- Health related workshops
- Medical camps
- Hexaware Kids' Day
- Yoga classes, stress management workshops
- Financial management
- Workshop for parents

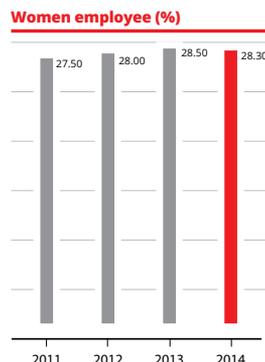
## Employee welfare

- **Funsters:** Hexaware believes in Fun @ work. In order to propagate this belief, the employees make use of the platform called Funsters. They make an effort to make Hexaware a fun place to work keeping in line with the tagline "Back to Growth, Back to Fun".
- **Counselling Services:** With pressure (both personal and professional) mounting on a daily basis, it is taking a toll on the lives of the employees. In order to help the employees deal with the stressful situations, Hexaware provides the services of an in-house counsellor. This ensures that the working environment is kept stress-free to the extent possible.
- **Doctor-on-call:** In order to maintain the physical wellbeing of the employees, your company has hired the services of the visiting doctor who is available twice a week in the campus. We also have tie-ups with hospitals to give medical services at discounted rates.
- **Infirmiry and Dormitory Facilities:** We have a full-fledged infirmiry with paramedical support. Separate dormitories for men and women employees are available for those who want to stay back after late night shifts and avoid midnight travel.

## Diversity

At Hexaware, we take the widest possible view on diversity. We create an environment that is safe, secure, and inclusive. Your company believes in the diversity recognises, value, and affirm that social diversity contributes richness to the organisation and enhances the quality of life for individuals and groups. Your company ensures that assignments and opportunities for advancement are accessible to everyone. Your company has always made substantial efforts in building an eco-system which contributes to the development and advancement of our women employees. The strength of the women workforce has steadily increased to above 2,800. This initiative for women is be one of the

most impactful sets of development interventions, which company has opted both in terms of career growth and empowerment. W@H (Women @ Hexaware) Forum launched last year in all locations in India introduced a number of initiatives to fulfil the special needs of this group of workforce increasing their work place commitments including self-defence workshops for women employees.



We have always made sincere, substantive and sustained efforts in building an eco-system which is conducive to the development and advancement of our women employees. They are encouraged to nurture their talent, by undergoing a mentorship programme under successful women leaders and thereby creating women business leaders, who, we believe will make an important contribution to business and the society at large. W@H (Women @Hexaware) Forum which was launched in 2013 in all locations in India, is very active in fulfilling the special needs of this group of workforce.

## INTERNAL CONTROL SYSTEMS

At Hexaware, the Internal Control System is designed to prevent operational risks through a framework of internal controls and processes. Our 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. We have developed robust policies, procedures, checks and balances to bring in discipline in day-to-day functions, for accurately and timely compilation of data. 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. Further, Internal Auditors findings are discussed with the process owners and suitable corrective actions are taken as per the directions of Audit Committee on an ongoing basis to improve efficiency in operation.

## Cautionary statements

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

For and on behalf of the Board of Directors

**Atul K. Nishar**  
Chairman

Date: April 2, 2015, Place: Mumbai

# Independent Auditors' Report

To the Board of Directors of HEXAWARE TECHNOLOGIES LIMITED

## Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of HEXAWARE TECHNOLOGIES LIMITED (the "Company") and its subsidiaries (the Company and its subsidiaries constitute "the Group"), which comprise the Consolidated Balance Sheet as at 31st December, 2014, the Consolidated Statement of Profit and Loss and the Consolidated 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 Consolidated Financial Statements

The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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 judgement, 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 control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

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

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries referred to below in the Other Matter paragraph, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st December, 2014;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

## Other Matter

We did not audit the financial statements of seven subsidiaries, whose financial statements reflect total assets (net) of ₹ 1,784.27 as at 31st December, 2014, total revenues of ₹ 4,055.19 and net cash flows amounting to ₹ 484.54 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, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors.

Our opinion is not qualified in respect of this matter.

For **Deloitte Haskins & Sells LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

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

MUMBAI, 10th February, 2015

# Consolidated Balance Sheet

As at 31st December, 2014

Particulars	Note No.	(₹ Million)	
		As at 31st December, 2014	As at 31st December, 2013
<b>I. EQUITY AND LIABILITIES</b>			
<b>Share Holders' Funds :</b>			
a. Share capital	4	601.85	599.75
b. Reserves and surplus	5	12,303.70	11,391.86
		<b>12,905.55</b>	<b>11,991.61</b>
<b>Share application money pending allotment</b>			
		<b>0.45</b>	<b>0.86</b>
<b>Non-current liabilities :</b>			
a. Deferred tax liabilities (net)	6	118.68	275.54
b. Other long-term Liabilities	7	31.06	9.17
c. Long-term provisions - Employee benefits		287.82	204.85
		<b>437.56</b>	<b>489.56</b>
<b>Current liabilities :</b>			
a. Trade payables		680.35	493.99
b. Other current liabilities	8	2,145.70	1,760.29
c. Short-term provisions	9	1,484.90	3,575.42
		<b>4,310.95</b>	<b>5,829.70</b>
<b>Total</b>		<b>17,654.51</b>	<b>18,311.73</b>
<b>II. ASSETS</b>			
<b>Non-current assets :</b>			
a. Fixed Assets :	10		
i. Tangible assets		3,379.87	3,456.56
ii. Intangible assets		1,758.45	1,693.82
iii. Capital work-in-progress		350.46	220.42
		<b>5,488.78</b>	<b>5,370.80</b>
b. Non-current investments	11	4.58	4.58
c. Deferred tax asset (net)	6	293.89	227.32
d. Long-term loans and advances	12	1,398.90	1,290.71
e. Other non-current assets	13	328.11	176.71
		<b>7,514.26</b>	<b>7,070.12</b>
<b>Current Assets :</b>			
a. Current investments	14	1,850.96	3,378.06
b. Trade receivables	15	3,656.38	3,235.78
c. Cash and cash equivalents	16	2,865.02	3,010.52
d. Short-term loans and advances	17	537.91	483.43
e. Other current assets	18	1,229.98	1,133.82
		<b>10,140.25</b>	<b>11,241.61</b>
<b>Total</b>		<b>17,654.51</b>	<b>18,311.73</b>
<b>III. NOTES FORMING PART OF FINANCIAL STATEMENTS</b>			
	1 to 36		

In terms of our attached report of even date  
For **Deloitte Haskins & Sells LLP**  
Chartered Accountants

**Abhijit A. Damle**  
Partner

Place: Mumbai  
Date: 10th February, 2015

For and on behalf of the Board

**Atul K. Nishar**  
(Chairman)

**Jimmy Mahtani**  
(Director)

**Basab Pradhan**  
(Director)

**Rajesh Kanani**  
(Chief Financial Officer)

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

**Dileep Choksi**  
(Director)

**Christian Oecking**  
(Director)

**Gunjan Methi**  
(Company Secretary)

**P. R. Chandrasekar**  
(Vice Chairman)

**Bharat Shah**  
(Director)

# Consolidated Statement of Profit & Loss

For the year ended 31st December, 2014

Particulars	Note No.	(₹ Million)	
		For the year ended 31st December, 2014	For the year ended 31st December, 2013
<b>I. INCOME</b>			
a. Revenue from operations		25,816.77	22,853.48
b. Other income	19	227.76	372.74
		<b>26,044.53</b>	<b>23,226.22</b>
<b>II. EXPENSES</b>			
a. Software and development expenses	20	4,001.14	3,478.98
b. Employee benefits expenses	21	14,596.33	12,218.78
c. Operation and other expenses	22	2,443.70	2,033.42
d. Exchange rate difference (net)		307.84	311.99
e. Interest - Others		8.98	2.04
f. Depreciation and amortisation expenses	10	439.72	386.04
		<b>21,797.71</b>	<b>18,431.25</b>
<b>PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS</b>		<b>4,246.82</b>	<b>4,794.97</b>
Less : Exceptional item (Refer note no. 33)		65.63	-
<b>PROFIT BEFORE TAX</b>		<b>4,181.19</b>	<b>4,794.97</b>
<b>TAX EXPENSE</b>			
Income tax - Current (Includes prior year ₹ Nil (₹ 12.21 Million))		1,171.74	1,079.32
Less: MAT Credit adjustment (net) / (entitlement)		28.55	(223.74)
Net current tax expenses		1,200.29	855.58
Income tax - Deferred Taxes		(220.62)	148.04
		<b>979.67</b>	<b>1,003.62</b>
<b>PROFIT FOR THE YEAR</b>		<b>3,201.52</b>	<b>3,791.35</b>
Earnings per share (before exceptional item) (in Rupees)	28		
Basic		10.87	12.70
Diluted		10.82	12.59
Earnings per share (after exceptional item) (in Rupees)	28		
Basic		10.66	12.70
Diluted		10.60	12.59
Face value of equity share (in Rupees)		2.00	2.00
<b>III. NOTES FORMING PART OF FINANCIAL STATEMENTS</b>		1 to 36	

In terms of our attached report of even date  
For **Deloitte Haskins & Sells LLP**  
Chartered Accountants

**Abhijit A. Damle**  
Partner

Place: Mumbai  
Date: 10th February, 2015

For and on behalf of the Board

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(Director)

**Gunjan Methi**  
(Company Secretary)

**P. R. Chandrasekar**  
(Vice Chairman)

**Bharat Shah**  
(Director)

# Consolidated Cash Flow Statement

For the year ended 31st December, 2014

Particulars	(₹ Million)	
	For the year ended 31st December, 2014	For the year ended 31st December, 2013
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax	4,181.19	4,794.97
<b>Adjustments for:</b>		
Depreciation and amortisation expenses	439.72	386.04
Employees share based payment cost	-	(0.46)
Interest income	(55.82)	(185.28)
Provision for doubtful accounts (net)	(1.52)	28.91
Debts and advances written off	2.06	7.69
Dividend from current investments	(125.74)	(158.81)
(Profit)/ Loss on sale / diminution in value of Current investments (net)	(0.44)	7.19
Fixed asset written off (net)	0.79	7.03
Loss/(Profit) on sale of fixed assets (net)	0.43	(7.86)
Deferred settlement loss/(gain) relating to roll-over cash flow hedges	998.39	(672.94)
Exchange rate difference (net) unrealised	130.83	24.14
Interest expense	8.98	2.04
<b>Operating profit before working capital changes</b>	<b>5,578.87</b>	<b>4,232.66</b>
<b>Adjustments for:</b>		
Trade and other receivables	(846.16)	500.25
Trade and other payables	537.27	(359.94)
<b>Cash generated from operations</b>	<b>5,269.98</b>	<b>4,372.97</b>
Direct Taxes Paid (net)	(1,140.77)	(1,014.87)
<b>Net cash from operating activities</b>	<b>4,129.21</b>	<b>3,358.10</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(604.03)	(411.02)
Proceeds from sale of fixed assets	0.78	18.64
Interest received (net of tax ₹ 10.90 Million (₹ 28.12 Million))	142.63	107.16
Purchase of current investments	(24,865.51)	(34,185.63)
Proceeds from sale of investments	26,393.05	33,150.21
Dividend from current investments	125.74	158.81
<b>Net cash from/(used in) investing activities</b>	<b>1,192.66</b>	<b>(1,161.83)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of share capital	48.46	78.68
Share application money adjusted	(0.41)	0.48
Interest and other finance charges paid	(0.93)	(2.04)
Dividend paid (including corporate dividend tax)	(5,400.35)	(1,332.49)
<b>Net cash (used in) financing activities</b>	<b>(5,353.23)</b>	<b>(1,255.37)</b>
<b>Net (Decrease)/Increase in cash and cash equivalents</b>	<b>(31.36)</b>	<b>940.90</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>2,891.12</b>	<b>1,950.22</b>
<b>Cash and cash equivalents at the end of the year (Refer Note No. 1 below)</b>	<b>2,859.76</b>	<b>2,891.12</b>
<b>Notes:</b>		
1. Components of cash and cash equivalents comprise the following: (Refer Note No. 16 of notes forming part of financial statements)		
Cash and Bank Balances	3,088.41	2,885.96
Add: "AAA" rated demand deposits with financial institutions	-	300.00
Less: Restricted Bank Balances	(223.39)	(175.44)
Cash and cash Equivalents as per Note No. 16	<b>2,865.02</b>	<b>3,010.52</b>
Effect of changes in Exchange rate in cash and cash equivalents	(5.26)	(119.40)
<b>Total Cash and Cash equivalents</b>	<b>2,859.76</b>	<b>2,891.12</b>
2. The previous year's figures have been regrouped wherever necessary.		

In terms of our attached report of even date

For **Deloitte Haskins & Sells LLP**

Chartered Accountants

**Abhijit A. Damle**  
Partner

For and on behalf of the Board

**Atul K. Nishar**  
(Chairman)

**Jimmy Mahtani**  
(Director)

**Basab Pradhan**  
(Director)

**Rajesh Kanani**  
(Chief Financial Officer)

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

**Dileep Choksi**  
(Director)

**Christian Oecking**  
(Director)

**Gunjan Methi**  
(Company Secretary)

**P. R. Chandrasekar**  
(Vice Chairman)

**Bharat Shah**  
(Director)

Place: Mumbai  
Date: 10th February, 2015

# Notes forming part of Consolidated Financial Statements

## 1. BACKGROUND

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

## 2. SIGNIFICANT ACCOUNTING POLICIES

### a) Basis of Preparation

These consolidated financial statements of Hexaware Technologies Limited (the "Holding Company") and its subsidiaries (together the "Company" or "Group") are prepared in accordance with generally accepted accounting principles applicable in India under the historical cost convention except for certain financial instruments which are measured at fair value. These financial statements comply with the applicable provisions of the Companies Act, 1956/ 2013 and the accounting standards, to the extent possible in the same format as that adopted by the Holding Company for its separate financial statements.

The financial statements of subsidiaries used in the consolidation are drawn upto the same reporting date as that of the holding company, viz. 31st December, 2014.

### 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 recognised in the financial statements as goodwill which is tested for impairment on an annual basis.

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

- i. The amount of equity attributable to minorities at the date on which investment in the subsidiary is made and
- ii. the minorities' share of movements in equity since the date the parent-subsidiary relationship comes into existence.

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

### c) Use of Estimates

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

### d) Revenue Recognition

- a) Revenues from software solutions and consulting services are recognised on specified terms of contract. In case of contract on time and material basis revenue is recognised when the related services are performed and in case of fixed price contracts revenue is recognised using 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 recognised 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.

## Notes forming part of Consolidated Financial Statements

- 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 follows:

Asset Class	Estimated Useful Life
Building	61 years
Computer Systems (included in Plant and Machinery)	3 years
Office Equipment	5 years
Electrical Fittings (included in Plant and Machinery)	8 years
Furniture and Fixtures	8 years
Vehicles	4 years
Leasehold Land	Over the lease period
Improvements to leased Premises	Over the lease period
Software	3 years

### g) Investments

Long-term investments are stated at cost. Provision is made for diminution in the value of long term investments, if such 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 recognised 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 recognised monetary items, the premium or discount on such contracts is amortised over the life of the contract. The exchange difference measured by the change in exchange rate between the inception dates of the contract/last reporting date as the case may be and the balance sheet date is recognised in the Statement of Profit and Loss. Any gain/loss on cancellation of such forward contracts are recognised as income/expense of the period.

### Foreign Branches

In respect of the foreign branches, being integral foreign operations, all revenues and expenses 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 recognised 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 amortised on a straight line basis over the average period until the benefits become vested. The retirement benefit liability recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised 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 recognised 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. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to revenue.

**m) Leases**

**Finance Lease**

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

**Operating Leases**

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

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

**n) Taxes on Income**

Income Taxes are accounted for in accordance with Accounting Standard (AS) 22 on "Accounting for Taxes on Income". Tax expense comprises of current tax and deferred tax. Current tax is measured at the amount expected to be paid or recovered from the tax authorities using the applicable tax rates. Deferred taxes are recognised for future tax consequence attributable to timing difference between taxable income and accounting income, measured at relevant enacted/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 recognised in accordance with the Guidance Note on "Accounting for credit available in respect of Minimum Alternate Tax under the Income Tax Act, 1961" issued by The Institute of Chartered Accountants of India ("ICAI"). MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will be able to adjust against the normal income tax during the specified period. At each balance sheet date the Company reassesses MAT credit assets, and adjusts the same where required.

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

**o) Impairment of Assets**

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognised 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 granted to employees is measured by the intrinsic value method, i.e. difference between the market price of the Company's shares on the date of grant of options and the exercise price to be paid by the option holders. The compensation cost, if any, is amortised over the vesting period of the options.

**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. SUBSIDIARIES TO CONSOLIDATION**

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

## Notes forming part of Consolidated Financial Statements

Name of the subsidiary Company	Country of Incorporation
Hexaware Technologies Inc.	United States of America
Hexaware Technologies UK Ltd.	United Kingdom
Hexaware Technologies GmbH	Germany
Hexaware Technologies Asia Pacific Pte Limited	Singapore
Hexaware Technologies Canada Limited.	Canada
Hexaware Technologies, Mexico S. De. R.L. De. C.V.	Mexico
FocusFrame Europe BV (Subsidiary of Hexaware Technologies Inc.)	Netherlands
Caliber Point Business Solutions Limited (merged with the Company w.e.f. 1st April, 2013, Refer Note No. 35)	India
Risk Technology International Limited	India
Hexaware Technologies DO Brazil Ltd., Brazil (Subsidiary of Hexaware Technologies UK Ltd.)	Brazil

#### 4. SHARE CAPITAL

Particulars	(₹ Million)	
	As at 31st December, 2014	As at 31st December, 2013
<b>a. Authorised</b>		
475,000,000 (325,000,000) Equity shares of ₹ 2/- each (Refer Note No. 35)	950.00	650.00
1,100,000 Series "A" Preference shares of ₹ 1,421/- each (Authorised Preference share capital can be either cumulative or non-cumulative with a power to the Company to convert the same into equity shares at any time.)	1,563.10	1,563.10
<b>Total</b>	<b>2,513.10</b>	<b>2,213.10</b>

#### b. Issued, subscribed and paid-up capital

Equity Shares of ₹ 2/- each fully paid	601.85	599.75
<b>Total</b>	<b>601.85</b>	<b>599.75</b>

#### c. Reconciliation of number of shares

Particulars	Numbers		Amount	
	Numbers	Amount	Numbers	Amount
Shares outstanding at the beginning of the year	299,875,947	599.75	296,544,791	593.09
Shares issued during the year	1,047,525	2.10	3,331,156	6.66
Shares outstanding at the end of the year	<b>300,923,472</b>	<b>601.85</b>	<b>299,875,947</b>	<b>599.75</b>

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

Name of Shareholder	No. of Shares held		% of holding	
	No. of Shares held	% of holding	No. of Shares held	% of holding
HT Global IT Solutions Holdings Ltd. (Holding company)	215,047,193	71.46	164,323,724	54.80
Parel Investment Holdings Ltd. (Subsidiary of ultimate holding company, "Baring Private Equity Asia GP V, LP.")	-	-	27,288,327	9.10
J P Morgan Chase Bank, NA (unregistered ADR's held by HT Global IT Solutions Holdings Ltd.)	-	-	21,111,400	7.04

#### 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. Each option entitles the holder to one equity share of ₹ 2 each. 1,576,500 (2,840,525) options were outstanding as on 31st December, 2014. (Refer Note No. 29).

**h. Share application money pending allotment**

Share application money pending allotment is ₹ 0.45 Million (₹ 0.86 Million) as at 31st December, 2014, which pertains to 36,000 (44,000) shares. The Company has sufficient authorised capital to cover the allotment of these shares.

i. The Board of Directors, at its meeting held on 10th February, 2015 has recommended interim dividend of ₹ 2.50 per equity share.

**5. RESERVES AND SURPLUS**

(₹ Million)

Particulars	As at 31st December, 2014	As at 31st December, 2013
<b>a. Securities premium account</b>		
As per last Balance Sheet	4,654.45	4,578.74
Add: On merger of Caliber Point Business Solutions Limited (Refer Note No. 35)	41.12	-
Add : Received during the year	46.36	72.02
Add : Transfer from Employee Stock Option outstanding	-	3.69
	<b>4,741.93</b>	<b>4,654.45</b>
<b>b. Employee stock options outstanding</b>		
As per last Balance Sheet	-	4.41
Less: Reversal on forfeiture/lapse of stock options granted	-	0.72
Less : Transfer to Securities Premium Account on exercise of stock options	-	3.69
	-	-
<b>c. General reserve</b>		
As per last Balance Sheet	2,178.52	1,843.19
Less: On merger of Caliber Point Business Solutions Limited (Refer Note No. 35)	41.12	-
Add : Transfer from Statement of Profit and Loss	2.98	335.33
	<b>2,140.38</b>	<b>2,178.52</b>
<b>d. Hedging reserve</b>		
As per last Balance Sheet	(1,239.41)	(760.51)
Less: Losses transferred to Statement of Profit and Loss on occurrence of forecasted hedge transactions (net)	759.56	1,053.95
Add /(Less): Changes in the fair value of the effective portion of outstanding cash flow hedges	226.84	(1,532.85)
	<b>(253.01)</b>	<b>(1,239.41)</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	223.94	-
Add : Transfer from Balance in Statement of Profit and Loss	176.38	223.94
Less : Transfer to Statement of Profit and Loss on utilisation for acquisition of plant and machinery.	118.93	-
	<b>281.39</b>	<b>223.94</b>

## Notes forming part of Consolidated Financial Statements

Particulars	As at 31st December, 2014	As at 31st December, 2013
<b>g. Currency translation Reserve</b>		
As per last Balance Sheet	1,013.50	550.90
Addition during the year (net)	(1.78)	462.60
	<b>1,011.72</b>	<b>1,013.50</b>
<b>h. Balance in Statement of Profit and Loss</b>		
As per last Balance Sheet	4,557.98	5,225.75
Add : Profit for the year	3,201.52	3,791.35
Add : Transfer from Special Economic Zone Re-investment reserve	118.93	-
Add/ (Less): On closure of a Subsidiary	-	0.05
	<b>7,878.43</b>	<b>9,017.15</b>
<b>Less : Appropriations</b>		
Interim Dividend - Equity	2,840.97	3,030.77
Proposed Dividend - Equity	-	300.27
Tax on Dividend (After adjusting tax benefit on dividend distributed by a subsidiary)	479.69	568.86
Transfer to General Reserve	2.98	335.33
Transfer to Special Economic Zone Re-investment Reserve	176.38	223.94
	<b>3,500.02</b>	<b>4,459.17</b>
	<b>4,378.41</b>	<b>4,557.98</b>
<b>Total</b>	<b>12,303.70</b>	<b>11,391.86</b>

### 6. DEFERRED TAX ASSETS/LIABILITIES

(₹ Million)

Particulars	As at 31st December, 2014	As at 31st December, 2013
<b>a. Deferred tax assets:</b>		
i. Provision for doubtful receivables	12.29	13.66
ii. Depreciation	8.71	8.43
iii. Employee Benefits	245.40	190.65
iv. Provision Others	29.82	13.78
v. Others	1.80	5.82
	<b>298.02</b>	<b>232.34</b>
<b>Less: Deferred tax liability</b>		
Employee Benefits	4.13	5.02
<b>Total</b>	<b>293.89</b>	<b>227.32</b>
<b>b. Deferred tax liabilities:</b>		
i. Depreciation	149.50	143.83
ii. Deferred Cancellation loss relating to roll-over of Cash flow hedges	35.36	226.86
	<b>184.86</b>	<b>370.69</b>
<b>Less: Deferred tax asset</b>		
i. Employee benefits	62.59	54.84
ii. Provision others	-	32.17
iii. Unabsorbed tax losses	-	6.74
iv. Provision for doubtful receivables	3.59	1.40
<b>Total</b>	<b>118.68</b>	<b>275.54</b>

## 7. OTHER LONG-TERM LIABILITIES

(₹ Million)

Particulars	As at 31st December, 2014	As at 31st December, 2013
a. Capital creditors	5.87	0.17
b. Liability for mark to market losses on derivative contracts (net)	25.19	9.00
<b>Total</b>	<b>31.06</b>	<b>9.17</b>

## 8. OTHER CURRENT LIABILITIES

(₹ Million)

Particulars	As at 31st December, 2014	As at 31st December, 2013
a. Unearned revenues	226.16	143.95
b. Unclaimed dividend *	96.40	54.82
c. Other payables		
- Employee related	847.99	676.83
- Statutory liabilities	322.04	256.07
- Deposit received from Customer/Lessee	0.38	0.35
- Capital creditors	79.39	113.51
- Liability for mark to market losses on derivative contracts (net)	51.54	43.80
- For expenses	521.80	470.96
<b>Total</b>	<b>2,145.70</b>	<b>1,760.29</b>

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

## 9. SHORT-TERM PROVISIONS

(₹ Million)

Particulars	As at 31st December, 2014	As at 31st December, 2013
a. For employee benefits	427.44	401.52
b. Proposed dividend	752.31	2,552.27
c. Tax on proposed dividend	154.03	433.76
d. Provision for taxation (net of advance tax) (net of MAT credit availed ₹ 56.86 Million (₹ Nil))	58.82	36.32
e. Others (Refer Note No. 32)	92.30	151.55
<b>Total</b>	<b>1,484.90</b>	<b>3,575.42</b>

# Notes forming part of Consolidated Financial Statements

## 10. FIXED ASSETS

(₹ Million)

Sr. No.	Particulars	GROSS BLOCK			DEPRECIATION / AMORTISATION				NET BLOCK		
		As at 01.01.2014	Additions	Deductions/ Adjustments	As at 31.12.2014	As at 01.01.2014	For the year	Deductions/ Adjustments	As at 31.12.2014	As at 31.12.2014	As at 31.12.2013
<b>A Tangible assets</b>											
1.	Land - Freehold	0.15	-	-	0.15	-	-	-	-	0.15	0.15
	Land - Leasehold (Refer Note No.1)	362.14	93.73	-	455.87	25.73	3.94	-	29.67	426.20	336.41
2.	Buildings	2,228.15	19.57	(0.39)	2,248.11	142.24	36.41	-	178.65	2,069.46	2,085.91
3.	Plant and Machinery	1,435.68	148.52	15.54	1,568.66	1,014.46	174.73	14.00	1,175.19	393.47	421.22
4.	Office Equipments	763.74	30.42	6.95	787.21	405.16	108.83	5.17	508.82	278.39	358.58
5.	Furniture and Fixtures	579.82	4.19	5.67	578.34	353.55	45.82	4.98	394.39	183.95	226.27
6.	Improvements to Leasehold Premises	54.78	9.06	9.18	54.66	33.68	6.10	9.33	30.45	24.21	21.10
7.	Vehicles	27.13	-	1.75	25.38	20.21	2.66	1.53	21.34	4.04	6.92
	<b>Total - Tangible Assets</b>	<b>5,451.59</b>	<b>305.49</b>	<b>38.70</b>	<b>5,718.38</b>	<b>1,995.03</b>	<b>378.49</b>	<b>35.01</b>	<b>2,338.51</b>	<b>3,379.87</b>	<b>3,456.56</b>
	<b>Previous year</b>	<b>4,797.85</b>	<b>866.79</b>	<b>213.05</b>	<b>5,451.59</b>	<b>1,861.31</b>	<b>329.74</b>	<b>196.02</b>	<b>1,995.03</b>	<b>3,456.56</b>	
<b>B Intangible assets</b>											
1.	Software	282.79	94.07	0.01	376.85	191.66	61.23	(0.05)	252.94	123.91	91.13
2.	Goodwill on consolidation	1,602.69	-	(31.85)	1,634.54	-	-	-	-	1,634.54	1,602.69
	<b>Total - Intangible Assets</b>	<b>1,885.48</b>	<b>94.07</b>	<b>(31.84)</b>	<b>2,011.39</b>	<b>191.66</b>	<b>61.23</b>	<b>(0.05)</b>	<b>252.94</b>	<b>1,758.45</b>	<b>1,693.82</b>
	<b>Previous year</b>	<b>1,637.62</b>	<b>51.94</b>	<b>(195.92)</b>	<b>1,885.48</b>	<b>131.49</b>	<b>56.30</b>	<b>(3.87)</b>	<b>191.66</b>	<b>1,693.82</b>	
<b>C Capital work-in-progress</b> (Mainly in respect of buildings under construction)											
	<b>Current year</b>	<b>7,337.07</b>	<b>399.56</b>	<b>6.86</b>	<b>7,729.77</b>	<b>2,186.69</b>	<b>439.72</b>	<b>34.96</b>	<b>2,591.45</b>	<b>5,488.78</b>	<b>5,370.80</b>
	<b>Previous year</b>	<b>6,435.47</b>	<b>918.73</b>	<b>17.13</b>	<b>7,337.07</b>	<b>1,992.80</b>	<b>386.04</b>	<b>192.15</b>	<b>2,186.69</b>	<b>5,370.80</b>	<b>-</b>

### Notes:

- Includes ₹ 90.00 Million and ₹ 6.49 Million (Previous Year ₹ 5.58 Million) being lease premium and accumulated amortisation respectively in respect of part 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 is as follows:

Particulars	Gross Block	Depreciation
Goodwill on Consolidation	31.85	-
<b>Tangible Assets</b>		
Plant and Machinery	4.13	3.36
Office Equipments	1.38	0.69
Furniture and Fixtures	2.34	1.89
Improvements to Leasehold Premises	2.04	2.20
Vehicles	0.03	0.03
<b>Intangible Assets</b>		
Computer Softwares	0.01	0.05
<b>Current Period</b>	<b>41.78</b>	<b>8.22</b>
<b>Previous year</b>	<b>211.37</b>	<b>27.70</b>

### 11. NON-CURRENT INVESTMENTS

Particulars	(₹ Million)	
	As at 31st December, 2014	As at 31st December, 2013
<b>Non Current Investments</b>		
<b>Trade Investments - Others - Unquoted (At cost)</b>		
240,958 equity shares of ₹ 10/- each fully paid-up in Beta Wind Farm Pvt. Ltd.	4.58	4.58
<b>Total</b>	<b>4.58</b>	<b>4.58</b>

### 12. LONG-TERM LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD)

Particulars	(₹ Million)	
	As at 31st December, 2014	As at 31st December, 2013
a. Capital advances	56.44	11.26
b. Security deposits	119.27	83.04
c. Advance Income Tax and Fringe benefit Tax (net of provision for tax)	335.04	219.80
d. Mat credit entitlement	828.44	913.85
e. Other loans and advances	59.71	62.76
<b>Total</b>	<b>1,398.90</b>	<b>1,290.71</b>

### 13. OTHER NON CURRENT ASSETS

Particulars	(₹ Million)	
	As at 31st December, 2014	As at 31st December, 2013
a. Interest accrued on deposits	9.03	1.27
b. Unbilled services	95.69	-
c. Non current bank balances		
Restricted bank balances (Refer Note No. 16)	223.39	175.44
<b>Total</b>	<b>328.11</b>	<b>176.71</b>

### 14. CURRENT INVESTMENTS

Particulars	(₹ Million)	
	As at 31st December, 2014	As at 31st December, 2013
Non-Trade Investments (Unquoted) (At cost or fair value whichever is lower)		
Investments in Mutual funds	1,850.96	3,378.06
<b>Total</b>	<b>1,850.96</b>	<b>3,378.06</b>

### 15. TRADE RECEIVABLES (UNSECURED)

Particulars	(₹ Million)	
	As at 31st December, 2014	As at 31st December, 2013
<b>a) Over six months from the due date</b>		
Considered good	0.10	6.11
Considered doubtful	45.92	49.36
	<b>46.02</b>	<b>55.47</b>
Less: Provision for doubtful receivables	45.92	49.36
	<b>0.10</b>	<b>6.11</b>
<b>b) Others</b>		
Considered good	3,656.28	3,229.67
Considered doubtful	15.19	19.35
	<b>3,671.47</b>	<b>3,249.02</b>
Less: Provision for doubtful receivables	15.19	19.35
	<b>3,656.28</b>	<b>3,229.67</b>
<b>Total</b>	<b>3,656.38</b>	<b>3,235.78</b>

# Notes forming part of Consolidated Financial Statements

## 16. CASH AND CASH EQUIVALENTS

Particulars	As at 31st December, 2014	As at 31st December, 2013
<b>a) Cash in hand</b>	0.01	0.01
<b>b) Balances with Banks</b>		
In Current accounts	2,707.86	1,225.65
Remittances in transit	0.31	-
Bank deposit accounts with less than 3 months maturity	156.84	367.36
	<b>2,865.01</b>	<b>1,593.01</b>
<b>c) Other Bank Balances:</b>		
Earmarked balances with banks	106.05	99.46
Unclaimed dividend accounts	96.76	55.18
Margin money	20.58	20.80
Bank deposit accounts with more than 12 months maturity	-	248.50
Bank deposit accounts with more than 3 months and upto 12 months maturity	-	869.00
	<b>223.39</b>	<b>1,292.94</b>
<b>Cash and Bank balances</b>	<b>3,088.41</b>	<b>2,885.96</b>
<b>d) 'AAA' rated demand deposits with a financial institution</b>	-	300.00
<b>e) Bank balances reclassified as Non-current Assets</b>		
Restricted bank balances (Refer Note No. 13)	(223.39)	(175.44)
<b>Total</b>	<b>2,865.02</b>	<b>3,010.52</b>

## 17. SHORT-TERM LOANS AND ADVANCES (UNSECURED)

Particulars	As at 31st December, 2014	As at 31st December, 2013
<b>a) Considered good</b>		
i. Security deposits	7.77	27.08
ii. Advance Income Tax (net of provision for tax)	34.30	50.56
iii. Other loans and advances (includes service tax receivable, prepaid expenses, employee advances etc.)	495.84	405.79
	<b>537.91</b>	<b>483.43</b>
<b>b) Considered doubtful</b>		
Security deposits	34.78	35.98
Less: Provision for doubtful deposits	34.78	35.98
<b>Total</b>	<b>537.91</b>	<b>483.43</b>

## 18. OTHER CURRENT ASSETS

Particulars	As at 31st December, 2014	As at 31st December, 2013
Interest accrued on deposits	0.54	106.01
Unbilled services	1,229.44	1,027.81
<b>Total</b>	<b>1,229.98</b>	<b>1,133.82</b>

## 19. OTHER INCOME

Particulars	For the year ended 31st December, 2014	For the year ended 31st December, 2013
Dividend from current investments	125.74	158.81
Profit/(Loss) on sale/diminution in value of Current Investments (net)	0.44	(7.19)
Interest income	55.82	185.28
(Loss)/Profit on sale of fixed assets (net)	(0.43)	7.86
Rental income	-	2.41
Miscellaneous income	46.19	25.57
<b>Total</b>	<b>227.76</b>	<b>372.74</b>

## 20. SOFTWARE AND DEVELOPMENT EXPENSES

Particulars	For the year ended 31st December, 2014	For the year ended 31st December, 2013
Consultant travel and related expenses	1,182.37	1,004.65
Software expenses (includes subcontracting charges) (₹ 2453.72 Million (₹ 2142.41 Million))	2,818.77	2,474.33
<b>Total</b>	<b>4,001.14</b>	<b>3,478.98</b>

## 21. EMPLOYEE BENEFIT EXPENSES

Particulars	For the year ended 31st December, 2014	For the year ended 31st December, 2013
Salary and allowances	12,791.29	10,789.87
Contribution to provident and other funds	1,506.23	1,181.80
Staff welfare expenses	298.81	247.57
Employee stock option compensation cost	-	(0.46)
<b>Total</b>	<b>14,596.33</b>	<b>12,218.78</b>

## 22. OPERATIONS AND OTHER EXPENSES

Particulars	For the year ended 31st December, 2014	For the year ended 31st December, 2013
Rent (Refer Note No. 26)	257.18	224.67
Rates and taxes	38.60	28.50
Travelling and conveyance expenses	629.07	500.11
Electricity charges	178.06	171.95
Communication expenses	232.51	219.52
Repairs and maintenance		
Buildings	24.49	25.13
Plant and machinery	52.42	69.95
Others	92.17	55.34
	169.08	150.42
Printing and stationery	24.90	25.15
Auditors remuneration		
Audit fees	20.20	17.93
Tax audit fees	2.12	1.70
Certification work, Taxation and other matters	3.78	3.67
	26.10	23.30
Legal and professional fees	245.53	139.78
Advertisement and publicity	26.80	25.32
Seminar, conference and business promotion expenses	117.35	98.91
Bank and other charges	9.23	10.27
Directors' sitting fees	1.04	1.92
Insurance charges	53.36	49.98
Fixed assets written off	0.79	7.03
Debts and advances written off (net of recoveries Nil (₹ 22.14 Million))	2.06	7.69
Provision for doubtful accounts (Net of write back ₹ 44.40 Million (₹ 15.54 Million))	(1.52)	28.91
Staff recruitment expenses	142.81	66.06
Service charges	178.10	118.14
Miscellaneous expenses	112.65	135.79
Note: Miscellaneous Expenses includes Stamp Duty & Filing fees, Hiring charges, Registrar and Share Transfer expenses, Membership and Subscription, etc.		
<b>Total</b>	<b>2,443.70</b>	<b>2,033.42</b>

## Notes forming part of Consolidated Financial Statements

### 23. CONTINGENT LIABILITY IN RESPECT OF:

- a) Claims not acknowledged as debt ₹ 28.14 million (Previous Year ₹ 28.14 million).
- b) Claims for taxes on income:
- Where Company is in appeal  
Income tax demands of ₹ 8.99 million (Previous year ₹ 112.38 million) have been raised in respect of assessments completed, arising from certain disallowances by the Income tax authorities. The Company has appealed against the orders and based on merits, expects favourable outcome. Hence no provision against such demand is considered necessary.
  - Others:  
In an earlier year, the CIT (A) had passed an order in favour of the Company against demand of ₹ 23.79 million raised by the Assessing officer for AY 2008-09, which had arisen mainly due to disallowance of foreign exchange loss as business expenses. Against this, the Income Tax Department has filed an appeal with Income Tax Appellate Tribunal during the year and the matter is in process.
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 not provided for (net of advances) ₹ 1,898.57 million (Previous year ₹ 223.77 million).
26. The Company takes on lease offices space and accommodation for its employees under various operating leases. The lease rentals towards non-cancellable operating lease agreements recognised in the Statement of Profit and Loss for the year are ₹ 257.18 million (Previous year ₹ 224.67 million).

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

Particulars	(₹ Million)	
	As at 31st December, 2014	As at 31st December, 2013
Not Later than one year	142.55	137.53
Later than one year and not later than five years	308.61	118.53
<b>Total</b>	<b>451.16</b>	<b>256.06</b>

Non-cancellable rentals income recognised in the Statement of Profit and Loss on account of leased premises is ₹ Nil (Previous year ₹ 2.16 million).

### 27. DERIVATIVE INSTRUMENTS

Forward exchange contracts to Sell US Dollar 183.86 million and Euro 2.74 million (Previous Year US Dollar 174.76 million and Euro 9.33 million) are outstanding as of 31st December, 2014.

Fair value net loss of the derivative instruments identified as cash flow hedges is ₹ 76.73 million (Previous Year of ₹ 52.80 million) as at 31st December, 2014.

Net loss of ₹ 253.01 million recognized in Hedging Reserve as at 31st December, 2014 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	
	31st December, 2014	31st December, 2013
Net profit after tax and before exceptional item (₹ million)	3,267.15	3,791.35
Less: Exceptional Item	65.63	-
Net profit after exceptional item	<b>3,201.52</b>	<b>3,791.35</b>
Weighted average outstanding equity shares considered for basic EPS (Nos.)	300,454,971	298,503,477
Basic Earnings per share: (in ₹)		
Before exceptional item	<b>10.87</b>	<b>12.70</b>
After exceptional item	<b>10.66</b>	<b>12.70</b>
Weighted average outstanding equity shares considered for basic EPS (Nos.)	300,454,971	298,503,477
Add: Dilutive impact of employee stock options (Nos.)	1,454,470	2,648,830
Weighted average outstanding equity shares considered for diluted EPS (Nos.)	301,909,441	301,152,307
Diluted Earnings per share: (in ₹)		
Before exceptional item	<b>10.82</b>	<b>12.59</b>
After exceptional item	<b>10.60</b>	<b>12.59</b>

## 29. SHARE BASED COMPENSATION (ESOP)

a) The Remuneration and Compensation Committee ('Committee') of the Company administers the stock options plans viz. ESOP 2002, 2007 and 2008 plan. Under the plan, employees of the Company as well as its subsidiaries are granted options 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. Options vest in four equal instalments or as determined by the Committee. The term of the option is seven years from grant date. The closing dates being, dates after which no further options shall be granted, for ESOP 2007 and 2008 are 10th September, 2014 and 29th June, 2015 respectively.

b) Particulars of number of options granted and lapsed under the aforementioned Schemes are tabulated below:

Particulars	ESOP - 2002		ESOP - 2007		ESOP - 2008		Total	
	Options (Nos.)	Weighted avg. ex. Price per share (₹)	Options (Nos.)	Weighted avg. ex. Price per share (₹)	Options (Nos.)	Weighted avg. ex. Price per share (₹)	Options (Nos.)	Weighted avg. ex. Price per share (₹)
Outstanding at the beginning of the year	67,500 (257,164)	12.45 (12.48)	2,735,525 (6,080,233)	49.39 (36.26)	37,500 (115,179)	42.85 (29.65)	2,840,525 (6,452,576)	48.43 (35.20)
Exercised during the year	16,500 (189,664)	12.45 (12.49)	993,525 (3,080,353)	46.95 (24.21)	37,500 (61,139)	42.85 (28.22)	1,047,525 (3,331,156)	46.26 (23.62)
Lapsed during the year	- (-)	- (-)	216,500 (264,355)	54.69 (40.85)	- (16,540)	- (5.00)	216,500 (280,895)	54.69 (38.74)
Outstanding at the year end	51,000 (67,500)	12.45 (12.45)	1,525,500 (2,735,525)	50.23 (49.39)	- (37,500)	- (42.85)	1,576,500 (2,840,525)	49.01 (48.43)
Exercisable as at the year end	51,000 (67,500)	12.45 (12.45)	1,041,750 (1,382,025)	42.64 (34.86)	- (-)	- (-)	1,092,750 (1,449,525)	41.23 (33.82)

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 ₹	As at 31st December, 2014		As at 31st December, 2013	
	Options (Nos.)	Life	Options (Nos.)	Life
12.45	429,500	14	807,000	27
30.70 - 42.85	137,000	24	347,000	39
51.98 - 79.85	1,010,000	39	1,686,525	52
<b>Total</b>	<b>1,576,500</b>		<b>2,840,525</b>	

d) The movement in Deferred employee compensation expense during the year is as follows:

Particulars	Year 2014		Year 2013	
Balance at the beginning of the year	-		0.26	
Less: Amortisation for the year	-		(0.46)	
Less: Reversal due to forfeiture	-		0.72	
<b>Balance carried forward</b>	-		-	

e) The Company has followed the Intrinsic Value-based method of accounting for stock options granted. Had the compensation cost for the Company's stock based compensation plan been determined in the manner consistent with the fair value approach as described in the Guidance note on accounting for Employee Share-based payments issued by the ICAI, the Company's net income would be lower by ₹ 1.77 million (Previous year ₹ 14.05 million) and earnings per share (EPS) as reported would be lower as indicated below:

Particulars	Year 2014		Year 2013	
Basic EPS				
As reported after exceptional item (in ₹)	10.66		12.70	
Adjusted (in ₹)	10.65		12.65	
Diluted EPS				
As reported after exceptional item (in ₹)	10.60		12.59	
Adjusted (in ₹)	10.60		12.54	

# Notes forming part of Consolidated Financial Statements

## 30. RELATED PARTY DISCLOSURES

### Names of related parties

Ultimate Holding Company and its subsidiaries  
 Baring Private Equity Asia GP V. LP, Cayman Island (Ultimate holding company) (control exists)  
 The Baring Asia Private Equity Fund V, LP, Cayman Island  
 Baring Private Equity Asia V Mauritius Holding (4) Limited, Mauritius  
 Parel Investment Holdings Limited, Mauritius

### Holding Company (control exists)

HT Global IT Solutions Holdings Limited, Mauritius

### Key Management Personnel

Mr. Atul K. Nishar – Non-Executive Chairman - (KMP upto 11th October, 2013)  
 Mr. P. R. Chandrasekar - Vice Chairman and CEO (CEO Upto 27th July, 2014)  
 Mr. R. Srikrishna - Executive Director and CEO (KMP from 28th July, 2014)  
 Dr. (Mrs.) Alka A Nishar – Director (upto 1st April, 2013)  
 Mr. R. V. Ramanan – Executive Director and President Global Delivery (upto 15th September, 2014)  
 Mr. Ramanan Sheshadri - Whole Time Director of Hexaware Technologies UK Ltd. (KMP upto 30th November, 2013)  
 Mr. Amrinder Singh - Whole Time Director of Hexaware Technologies UK Ltd. (w.e.f. 2nd December, 2013)  
 Mr. R U Srinivas – Chief Executive Director of Caliber Point Business Solutions Ltd. (upto 15th August, 2013)  
 Mr. Rajiv Pant – President, North America operations of Hexaware Technologies Inc.  
 Mr. Chinmoy Banerjee - Chief Executive Officer of Caliber Point Business Solutions Ltd. (KMP upto 31st December, 2013)

### Others

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

Particulars	(₹ Million)	
	Amount	Units/Options including restricted Stock units Outstanding as on 31-12-2014 (Nos)
<b>Remuneration</b>		
Mr. Atul K. Nishar	-	-
	(11.20)	(-)
Mr. R Srikrishna ( including share based payment)	119.62	-
	(-)	(-)
Mr. P R Chandrasekar	93.88	-
	(81.61)	(-)
Mr. R V Ramanan	11.15	-
	(28.88)	(125,000)
Mr. R U Srinivas	-	-
	(9.09)	(-)
Mr. Rajiv Pant	43.10	12,500
	(43.19)	(37,500)
Mr. Ramanan Sheshadri	-	124,000
	(21.81)	(124,000)
Mr. Chinmoy Banarjee	-	-
	(9.51)	(-)
Mr. Amrinder Singh	40.27	-
	(1.76)	(-)
<b>Guest House Rent</b>		
Ms. Kala Ramanan	0.89	-
	(0.70)	(-)
<b>Closing Balances</b>		
Payables to KMP	78.52	-
	(36.50)	(-)

### 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 assumptions mentioned below, there is no shortfall as at 31st December, 2014.

Particulars	(₹ Million)	
	As at 31st December, 2014	As at 31st December, 2013
Present value of benefit obligation	1,823.09	1,528.62
Fair value of plan assets	1,823.09	1,528.62
Expected Investment Return	8.80%	8.71%
Remaining term of maturities of plan assets	7.70 years	8.21 years
Expected guaranteed interest rates	8.75%	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 ₹ 241.48 million (Previous year ₹ 215.04 million) and ₹ 9.70 million (Previous year ₹ 8.11 million) respectively.

- b) The Company contributed ₹ 421.04 million (Previous year ₹ 357.68 million) towards various other defined contributions plans of subsidiaries located outside India during the year ended 31st December, 2014 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 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.

## Notes forming part of Consolidated Financial Statements

The following table sets out the status of the gratuity plan for the year ended 31st December, 2014:

Particulars	(₹ Million)	
	Year 2014	Year 2013
<b>Change in Defined Benefit Obligation</b>		
<b>Opening defined benefit obligation</b>	<b>366.36</b>	<b>344.26</b>
Current service cost	71.27	74.18
Interest cost	38.56	32.80
Actuarial losses/(gains)	16.83	(65.51)
Benefits paid	(24.92)	(19.37)
<b>Closing defined benefit obligation</b>	<b>468.10</b>	<b>366.36</b>
<b>Change in the Fair Value of Assets</b>		
<b>Opening fair value of plan assets</b>	<b>283.06</b>	<b>201.41</b>
Expected return on plan assets	24.42	17.24
Actuarial gains	1.90	3.85
Contribution by employer	34.89	79.93
Benefits paid	(24.92)	(19.37)
<b>Closing fair value of plan assets</b>	<b>319.35</b>	<b>283.06</b>
<b>Net liability as per actuarial valuation</b>	<b>148.75</b>	<b>83.30</b>
<b>Expense for the year</b>		
Current service cost	71.27	74.18
Interest on defined benefit obligation	38.56	32.80
Expected return on plan assets	(24.42)	(17.24)
Actuarial losses/(gains)	14.93	(69.36)
<b>Total Included in Employment expenses</b>	<b>100.34</b>	<b>20.38</b>
<b>Actual return on plan assets</b>	<b>26.33</b>	<b>21.09</b>
<b>Category of assets - Insurer Managed Fund #</b>	<b>319.35</b>	<b>283.06</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 ₹ 77.00 million to gratuity funds for the year ended 31st December, 2015.

Financial assumptions at the valuation date	Year 2014	Year 2013
Discount rate	8.15% to 8.20%	9.10% to 9.15%
Rate of increase in compensation levels of covered employees *	6% to 10%	6% to 10%
Expected Rate of Return on Plan assets **	7.5% to 8%	7.5% to 8%

\* 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.

Other details	(₹ Million)				
	31-Dec-14	31-Dec-13	31-Dec-12	31-Dec-11	31-Dec-10
Defined Benefit Obligation	468.10	366.36	344.26	268.97	237.18
Plan Assets	319.35	283.06	201.41	158.51	148.48
Surplus/(Deficit)	(148.75)	(83.30)	(142.85)	(110.46)	(88.70)
Experience Adjustment on Plan Liabilities	(33.10)	(35.11)	(18.49)	(2.15)	(16.39)
Experience Adjustment on Plan Assets	1.90	3.85	1.67	0.68	2.56

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

Particulars	(₹ Million)	
	As at 31st December, 2014	As at 31st December, 2013
Provision at the beginning of the year	151.55	197.31
Provision made during the year	57.84	46.04
Paid/adjusted during the year	(117.09)	(91.80)
<b>Provision at the end of the year</b>	<b>92.30</b>	<b>151.55</b>

33. The Company has entered into a large IT Service contract spread over a period of five years, which includes absorbing certain identified employees of the customer, along with related employee obligations. Exceptional items represent value of such employee obligations based on the crystallised restructuring plans in respect of said employees.

#### 34. SEGMENTS

##### Primary Segment: Business Segments

(₹ Million)

Primary Segment: Business Segments	Travel, Transportation, Hospitality and Logistics	Banking and Financial Services	Insurance and Healthcare	Manufacturing and Services	Others	Total
Segment Revenue	4,609.40	9,284.67	3,561.64	4,986.80	3,374.26	25,816.77
	(4,147.05)	(7,793.18)	(3,572.94)	(4,557.25)	(2,783.06)	(22,853.48)
Segment Results	988.39	1,258.14	747.34	1,138.70	643.03	4,775.60
	(1,086.09)	(1,491.10)	(849.59)	(1,365.73)	(329.79)	(5,122.30)
Less: Unallocable expenses						813.19
						(698.03)
Add: Other Income						227.76
						(372.74)
Less: Interest						8.98
						(2.04)
Profit before tax						4,181.19
						(4,794.97)
Less: Provision for taxation						979.67
						(1,003.62)
Profit after tax						3,201.52
						(3,791.35)

## Notes forming part of Consolidated Financial Statements

<b>Secondary Segment - Geographic Segment</b>	<b>North America</b>	<b>Europe</b>	<b>India</b>	<b>Rest of the World</b>	<b>Total</b>
Revenue attributable to location of customers	16,687.15	7,256.58	576.79	1,296.25	25,816.77
	(15,183.19)	(6,130.53)	(468.71)	(1,071.05)	(22,853.48)
Segment assets based on their locations	4,433.00	971.12	6,681.90	201.52	12,287.54
	(3,425.14)	(662.22)	(5,602.99)	(161.52)	(9,851.87)
Additions to fixed assets (including capital work in progress)	40.83	11.75	467.98	9.04	529.60
	(60.39)	(3.77)	(307.54)	(10.68)	(382.38)
Goodwill	1,490.58	143.96	-	-	1,634.54
	(1,461.53)	(141.16)	(-)	(-)	(1,602.69)

### Notes:

- The Company has identified business segment as the primary segment. Segments have been identified taking into account the services offered to customers globally operating in different industry segments, differing risks and returns, the organizational and the internal reporting system.
- Revenues and expenses directly attributable to segments are reported under each reportable business segment. Common expenses which are not directly identifiable to each reporting segment have been allocated to each reporting segment on the basis of associated revenues of the segment. All other expenses which are not attributable or allocable to segments have been disclosed as unallocable expenses.
- Assets and liabilities contracted have not been identified to any of the reportable segments as the assets are used interchangeably between segments and it is not practicable to reasonably allocate the liabilities to individual segments. Accordingly, no disclosure relating to segment assets and segment liabilities are made.
- Previous year figures are given in brackets.

- Caliber Point Business Solutions limited (CP) (amalgamating company), a wholly owned subsidiary, engaged in Business Process Management services, has been amalgamated with the Company. The Scheme of Amalgamation ('the Scheme') was sanctioned by the Honorable High Court of Judicature at Bombay vide its Order dated 10th October, 2014, the appointed date of merger being 1st April, 2013.

The Scheme has been given effect to in the standalone financial statements. The amalgamation has the impact of reducing General Reserve by ₹ 41.12 million and increasing the balance in securities premium account by an equivalent amount in the consolidated financial statements.

- Previous years figures have been regrouped/reclassified wherever necessary to correspond with the current years classification/disclosure.

### For and on behalf of the Board

**Atul K. Nishar**  
(Chairman)

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

**P. R. Chandrasekar**  
(Vice Chairman)

**Jimmy Mahtani**  
(Director)

**Dileep Choksi**  
(Director)

**Bharat Shah**  
(Director)

**Basab Pradhan**  
(Director)

**Christian Oecking**  
(Director)

Place: Mumbai  
Date: 10th February, 2015

**Rajesh Kanani**  
(Chief Financial Officer)

**Gunjan Methi**  
(Company Secretary)

# Independent Auditors' Report

To the Members of HEXAWARE TECHNOLOGIES LIMITED

## Report on the Financial Statements

We have audited the accompanying financial statements of **HEXAWARE TECHNOLOGIES LIMITED** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> December, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards specified under the Companies Act, 1956 ("the Act") (which are deemed to be applicable as per Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgement, 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, 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.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> December, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order for the year ended 31<sup>st</sup> December, 2014, to the extent the same are applicable to the Company.
2. As required by Section 227(3) of the Act, we report that:
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as 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 Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards specified under the Companies Act, 1956 ("the Act") (which are deemed to be applicable as per Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014).
  - (e) Since the provisions of Section 274(1)(g) of the Act are not in effect from April 1, 2014, the reporting requirement under Section 227(3)(f) of the Act is not applicable as of the balance sheet date.

For **Deloitte Haskins & Sells LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

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

MUMBAI, 10<sup>th</sup> February, 2015

## Annexure to the Independent Auditor's Report

Re: Hexaware Technologies Limited

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- i) In respect of its fixed assets:
  - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - b) As per information and explanations given to us, physical verification of fixed assets was carried out by the Management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and nature of its assets.
  - c) The fixed assets disposed off during the year, in our opinion do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- ii) The activities of the Company and the nature of its business do not involve the use of inventory. Accordingly, Clause 4(ii) of the Companies (Auditor's Report) Order, 2003 is not applicable.
- iii) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956, during the period the said Section was applicable. Accordingly, Clause 4(iii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
- iv) In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and nature of its business for the purchase of fixed assets and for the sale of services. The activities of the Company do not involve purchase of inventory and sale of goods. During the course of our audit, we have not observed any major weaknesses in such internal control system.
- v) In respect of contracts and arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
  - a) The particulars of contracts or arrangements referred to in Section 301 that needed to be entered into the Register maintained under the said Section have been so entered for the period the said Section was applicable.
  - b) Where each of such transactions made in pursuance of such contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956, for the period the said Section was applicable, is in excess of ₹ 5 lacs during such period in respect of any party, the transactions have been made at prices, which are, prima facie, reasonable having regard to the prevailing market prices at the relevant time.
- vi) During the period the provisions of Sections 58A and 58AA and other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the acceptance of deposits from the public were applicable, in our opinion and according to the information and explanations given to us, the Company has not accepted such deposits. Therefore, the provisions of Clause 4 (vi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- vii) In our opinion, the internal audit functions carried out during the year by the firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and nature of its business.
- viii) According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act, for the period the said Section was applicable. Therefore, the provisions of Clause 4 (viii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- ix) 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, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
  - b) There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Cess and other material statutory dues were in arrears as at 31<sup>st</sup> December, 2014 for a period of more than six months from the date they became payable.
  - c) There are no dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty and Cess, which have not been deposited as on 31<sup>st</sup> December, 2014 on account of disputes, except as follows:

Name of statute	Nature of the dues	Amount (₹ in Million)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	1.46	Assessment Year 2009-10	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	4.17	Assessment Year 2010-11	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	2.76	Assessment Year 2011-12	Commissioner of Income Tax (Appeals)

- x) The Company does not have accumulated losses at the end of the financial year and the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.



- x) In our opinion and according to the information and explanations given to us, the Company has not borrowed any amounts from financial institutions, banks or by issue of debentures.
- xii) According to the information and explanations given to us, the Company has not given any loans and advances on the basis of security by way of pledge of shares, debentures and other securities and hence the question of maintenance of adequate records for this purpose does not arise.
- xiii) According to the information and explanations given to us, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, the provisions of Clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Therefore, the provisions of Clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xv) According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from bank and financial institutions. Therefore, the provision of Clause 4 (xv) of the Companies (Auditor Report) Order, 2003 are not applicable to the Company.
- xvi) The Company has not taken any term loan during the year. Therefore, the provision of Clause 4 (xvi) of the Companies (Auditor Report) Order, 2003 are not applicable to the Company.
- xvii) In our opinion and according to information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have, *prima facie*, not been used during the year for long-term investment.
- xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956, during the period the said Section was applicable.
- xix) The Company has not issued any debentures during the year, hence the question of creation of security or charge in respect of debentures issued does not arise.
- xx) The Company has not raised any money by way of public issues during the year.
- xxi) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For **Deloitte Haskins & Sells LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

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

MUMBAI, 10<sup>th</sup> February, 2015

# Balance Sheet

As at 31st December, 2014

(₹ Million)

Particulars	Note No.	As at 31st December, 2014	As at 31st December, 2013
<b>I. EQUITY AND LIABILITIES</b>			
<b>Share holders' funds</b>			
a. Share capital	2	601.85	599.75
b. Reserves and surplus	3	9,771.53	8,285.52
		<b>10,373.38</b>	<b>8,885.27</b>
<b>Share application money pending allotment</b>	2	<b>0.45</b>	<b>0.86</b>
<b>Non-current liabilities</b>			
a. Deferred tax liabilities (net)	4	118.68	245.36
b. Other Long-term liabilities	5	31.65	0.17
c. Long-term provisions - Employee benefits		281.39	171.26
		<b>431.72</b>	<b>416.79</b>
<b>Current liabilities</b>			
a. Trade payables	36	1,707.24	1,489.84
b. Other current liabilities	6	868.39	677.67
c. Short-term provisions	7	1,020.41	3,183.06
		<b>3,596.04</b>	<b>5,350.57</b>
<b>Total</b>		<b>14,401.59</b>	<b>14,653.49</b>
<b>II. ASSETS</b>			
<b>Non-current assets</b>			
a. Fixed assets	8		
i. Tangible assets		2,998.10	2,954.72
ii. Intangible assets		105.16	64.22
iii. Capital work-in-progress		346.50	212.47
		3,449.76	3,231.41
b. Non-current investments	9	1,935.60	2,009.52
c. Long-term loans and advances	10	1,593.45	1,205.63
d. Other non-current assets	11	206.21	140.50
		<b>7,185.02</b>	<b>6,587.06</b>
<b>Current assets</b>			
a. Current investments	12	1,850.96	3,331.67
b. Trade receivables	13	3,403.02	2,387.95
c. Cash and cash equivalents	14	1,104.22	1,474.88
d. Short-term loans and advances	15	600.20	518.85
e. Other current assets	16	258.17	353.08
		<b>7,216.57</b>	<b>8,066.43</b>
<b>Total</b>		<b>14,401.59</b>	<b>14,653.49</b>
<b>III. NOTES FORMING PART OF FINANCIAL STATEMENTS</b>			
	1 to 38		

In terms of our attached report of even date  
For **Deloitte Haskins & Sells LLP**  
Chartered Accountants

**Abhijit A. Damle**  
Partner

For and on behalf of the Board

**Atul K. Nishar**  
(Chairman)

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

**P. R. Chandrasekar**  
(Vice Chairman)

**Jimmy Mahtani**  
(Director)

**Dileep Choksi**  
(Director)

**Bharat Shah**  
(Director)

**Basab Pradhan**  
(Director)

**Christian Oecking**  
(Director)

Place: Mumbai  
Date: 10th February, 2015

**Rajesh Kanani**  
(Chief Financial Officer)

**Gunjan Methi**  
(Company Secretary)

# Statement of Profit & Loss

For the year ended 31st December, 2014

(₹ Million)

Particulars	Note No.	For the year ended 31st December, 2014	For the year ended 31st December, 2013
<b>I. INCOME</b>			
a. Revenue from operations		11,545.56	10,199.54
b. Other income	17	594.80	333.23
		<b>12,140.36</b>	<b>10,532.77</b>
<b>II. EXPENSES</b>			
a. Software and development expenses	18	679.41	525.33
b. Employee benefits expenses	19	5,672.19	4,400.04
c. Operation and other expenses	20	1,275.07	954.05
d. Exchange rate difference (net)		295.89	241.43
e. Interest - others		8.35	1.35
f. Depreciation and amortisation expenses	8	391.69	310.30
		<b>8,322.60</b>	<b>6,432.50</b>
<b>PROFIT BEFORE TAX</b>		<b>3,817.76</b>	<b>4,100.27</b>
<b>TAX EXPENSE</b>			
a. Income tax - current (including ₹ nil pertaining to previous year (₹ -11.98 million))		813.13	831.26
b. Less: MAT credit entitlement		(22.46)	(214.22)
Net current tax expense		790.67	617.04
c. Income Tax - Deferred		(156.87)	143.57
		<b>633.80</b>	<b>760.61</b>
<b>PROFIT FOR THE YEAR</b>		<b>3,183.96</b>	<b>3,339.66</b>
<b>Earnings per share (in Rupees)</b>			
Basic	23	10.60	11.19
Diluted		10.55	11.09
<b>Face value of equity share (in Rupees)</b>			
		2.00	2.00
<b>III. NOTES FORMING PART OF FINANCIAL STATEMENTS</b>			
	1 to 38		

In terms of our attached report of even date  
For **Deloitte Haskins & Sells LLP**  
Chartered Accountants

**Abhijit A. Damle**  
Partner

Place: Mumbai  
Date: 10th February, 2015

For and on behalf of the Board

**Atul K. Nishar**  
(Chairman)

**Jimmy Mahtani**  
(Director)

**Basab Pradhan**  
(Director)

**Rajesh Kanani**  
(Chief Financial Officer)

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

**Dileep Choksi**  
(Director)

**Christian Oecking**  
(Director)

**Gunjan Methi**  
(Company Secretary)

**P. R. Chandrasekar**  
(Vice Chairman)

**Bharat Shah**  
(Director)

# Cash Flow Statement

For the year ended 31st December, 2014

(₹ Million)

Particulars	For the year ended 31st December, 2014	For the year ended 31st December, 2013
<b>A Cash flow from operating activities</b>		
Net Profit before tax	3,817.76	4,100.27
<b>Adjustments for :</b>		
Depreciation and amortisation expenses	391.69	310.30
Employees share based payment cost	-	(0.46)
Dividend from current investments	(125.74)	(157.20)
Dividend from subsidiary company	(373.23)	-
Interest income	(54.22)	(165.28)
Provision for doubtful accounts (net)	(1.94)	17.94
(Profit)/ Loss on sale/ diminution in value of investments (net)	(0.44)	7.24
Debts and advances written off	1.70	-
Deferred settlement loss / (gain) relating to roll-over cash flow hedges	998.39	(679.07)
Loss/(Profit) on sale of fixed assets (net)	0.50	(2.06)
Interest expense	8.35	1.35
Exchange rate difference (net) - unrealised	(0.83)	1.49
Obsolete asset written off (net)	-	7.03
<b>Operating Profit before working capital changes</b>	<b>4,661.99</b>	<b>3,441.55</b>
<b>Adjustments for :</b>		
Trade and other receivables	(893.90)	(24.00)
Trade and other payables	256.21	(13.24)
<b>Cash generated from operations</b>	<b>4,024.30</b>	<b>3,404.31</b>
Direct taxes paid (net)	(792.54)	(719.26)
<b>Net cash from operating activities</b>	<b>3,231.76</b>	<b>2,685.05</b>
<b>B Cash flow from investing activities</b>		
Purchase of fixed assets	(445.69)	(315.80)
Purchase of trade investments	(85.00)	-
Proceeds from reduction of trade investment	-	0.45
Purchase of current investments	(24,865.51)	(33,831.02)
Loan to a subsidiary	(200.00)	-
Interest received (net of tax ₹ 10.90 million (₹ 16.09 million))	140.74	88.96
Proceeds from sale/redemption of current investments	26,393.06	32,841.99
Dividend from subsidiary company (net of tax ₹ 63.43 million (₹ Nil))	309.80	-
Dividend from current investments	125.74	157.20
Proceeds from sale of fixed assets	185.99	1.72
<b>Net cash from/(used in) investing activities</b>	<b>1,559.13</b>	<b>(1,056.50)</b>
<b>C Cash flow from financing activities</b>		
Proceeds from issue of shares	48.46	78.68
Share application money adjusted	(0.41)	0.48
Interest paid	(8.35)	(1.35)
Dividend paid (including corporate dividend tax)	(5,400.35)	(1,332.49)
<b>Net cash (used in) financing activities</b>	<b>(5,360.65)</b>	<b>(1,254.68)</b>
<b>Net (Decrease)/Increase in cash and cash equivalents</b>	<b>(569.76)</b>	<b>373.87</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>1,474.42</b>	<b>1,100.55</b>
<b>Cash and cash equivalents taken over consequent to merger (Refer Note No. 35)</b>	<b>198.37</b>	<b>-</b>
<b>Cash and cash equivalents at the end of the year (Refer Note No. 1 below)</b>	<b>1,103.03</b>	<b>1,474.42</b>

## Notes:

1 Components of cash and cash equivalents comprise the following :

(Refer Note No. 14 of notes forming part of financial statements)

Cash and Bank Balances	1,301.40	1,314.66
Add: "AAA" rated demand deposits with financial institution	-	300.00
Less: Restricted bank balances	(197.18)	(139.78)
<b>Cash and Cash equivalents</b>	<b>1,104.22</b>	<b>1,474.88</b>
Add: Unrealised (gain) on foreign currency cash and cash equivalents	(1.19)	(0.46)
<b>Total Cash and Cash equivalents</b>	<b>1,103.03</b>	<b>1,474.42</b>

2 Previous period's figures have been regrouped wherever necessary.

3 The amalgamation of wholly owned subsidiary, Caliber Point Business Solutions Limited and the consequent additions to assets and liabilities has been treated as a non-cash transaction. (Refer Note No. 35)

In terms of our attached report of even date

For **Deloitte Haskins & Sells LLP**

Chartered Accountants

For and on behalf of the Board

**Abhijit A. Damle**  
Partner

**Atul K. Nishar**  
(Chairman)

**Jimmy Mahtani**  
(Director)

**Basab Pradhan**  
(Director)

**Rajesh Kanani**  
(Chief Financial Officer)

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

**Dileep Choksi**  
(Director)

**Christian Oecking**  
(Director)

**Gunjan Methi**  
(Company Secretary)

**P. R. Chandrasekar**  
(Vice Chairman)

**Bharat Shah**  
(Director)

Place: Mumbai  
Date: 10th February, 2015

# Notes forming part of Financial Statements

## 1. A Background

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

### 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 with the applicable provisions of the Companies Act, 1956/ 2013 and the accounting standards.

#### 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 period. Differences between actual results and estimates are recognised in the period in which the results are known/materialised. Example of such estimates include provision for doubtful debts, employee benefits, provision for income taxes, accounting for contract costs expected to be incurred to complete software development, the useful lives of depreciable fixed assets and provisions for impairment.

#### iii) Revenue Recognition

Revenues from software solutions and consulting services are recognised on specified terms of contract. In case of contract on time and material basis revenue is recognised when the related services are performed and in case of fixed price contracts revenue is recognised using 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 recognised 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 follows

Asset Class	Estimated Useful Life
Building	61 years
Computer Systems (included in Plant and Machinery)	3 years
Office Equipment	5 years
Electrical Fittings (included in Plant and Machinery)	8 years
Furniture and Fixtures	8 years
Vehicles	4 years
Leasehold Land	Over the lease period
Improvements to leased Premises	Over the lease period
Software	3 years

#### 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 recognised 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 recognised in the Statement of Profit and Loss.

## Notes forming part of Financial Statements

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

### Foreign Branches

In respect of the foreign branches, being integral foreign operations, all revenues and expenses during the year are reported at average rate prevailing during the period. Monetary assets and liabilities are restated at the year-end exchange rate. Non-monetary assets and liabilities are stated at the rate prevailing on the date of the transaction. Balance in 'head office' account whether debit or credit is translated at the amount of the balance in the 'foreign branch' account in the books of the head office. Net gain/loss on foreign currency translation is recognised 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 materialises. Gain or loss on ineffective cash flow hedges is recognised 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 recognised 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 amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit liability recognised 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 recognised as an expense during the period when the employee renders those services. These benefits include compensated absences such as leave expected to be availed within a year and bonus payable.

#### 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.

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

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

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

**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 recognised 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 granted to employees is measured by the intrinsic value method, i.e. difference between the market price of the Company's shares on the date of grant of options and the exercise price to be paid by the option holders. The compensation cost, if any, is amortised over the vesting period of the options.

**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.

**2. Share Capital**

Particulars	As at		(₹ Million)	
	31st December, 2014		As at 31st December, 2013	
<b>a. Authorised</b>				
475,000,000 (325,000,000) Equity shares of ₹ 2/- each (Refer Note No. 35)		950.00		650.00
1,100,000 Series "A" Preference shares of ₹ 1,421/- each (Authorised Preference share capital can be either cumulative or non-cumulative with a power to the Company to convert the same into equity shares at any time.)		1,563.10		1,563.10
<b>Total</b>		<b>2,513.10</b>		<b>2,213.10</b>
<b>b. Issued, subscribed and paid-up capital</b>				
Equity Shares of ₹ 2/- each fully paid		601.85		599.75
<b>Total</b>		<b>601.85</b>		<b>599.75</b>
<b>c. Reconciliation of number of shares</b>				
Particulars	<b>Numbers</b>	<b>Amount</b>	<b>Numbers</b>	<b>Amount</b>
Shares outstanding at the beginning of the year	299,875,947	599.75	296,544,791	593.09
Shares issued during the year	1,047,525	2.10	3,331,156	6.66
Shares outstanding at the end of the year	300,923,472	601.85	299,875,947	599.75
<b>d. Details of shares held by shareholders holding more than 5% shares</b>				
Name of Shareholder	<b>No. of Shares held</b>	<b>% of holding</b>	<b>No. of Shares held</b>	<b>% of holding</b>
i. HT Global IT Solutions Holdings Ltd. (Holding company)	215,047,193	71.46	164,323,724	54.80
ii. Parel Investment Holdings Ltd. (Subsidiary of ultimate holding company, Baring Private Equity Asia GP V, LP.)	-	-	27,288,327	9.10
iii. J P Morgan Chase Bank, NA (unregistered ADR's held by HT Global IT Solutions Holdings Ltd.)	-	-	21,111,400	7.04

## Notes forming part of Financial Statements

### 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 March 2, 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. Each option entitles the holder to one equity share of ₹ 2 each. 1,576,500 (2,840,525) options were outstanding as on 31st December, 2014. (Refer Note No. 26)

### h. Share application money pending allotment

Share application money pending allotment is ₹ 0.45 million (₹ 0.86 million) as at 31st December, 2014 which pertains to 36,000 (44,000) shares. The Company has sufficient authorised capital to cover the allotment of these shares.

i. The Board of Directors, at its meeting held on 10th February, 2015 has recommended interim dividend of ₹ 2.50/- per equity share.

### 3. Reserves and Surplus

Particulars	(₹ Million)	
	As at 31st December, 2014	As at 31st December, 2013
<b>a. Securities premium account</b>		
Opening balance	4,654.45	4,578.74
Add: On merger of Caliber Point Business Solutions Limited (Refer Note No. 35)	41.12	-
Add: Received during the year	46.36	72.02
Add: Transfer from employee stock option outstanding	-	3.69
<b>Closing balance</b>	<b>4,741.93</b>	<b>4,654.45</b>
<b>b. Employee stock options outstanding</b>		
Opening balance	-	4.41
Less: Reversal on forfeiture/lapse of stock options granted	-	0.72
Less: Transfer to securities premium account on exercise of stock options	-	3.69
<b>Closing balance</b>	<b>-</b>	<b>-</b>
<b>c. General reserve</b>		
Opening balance	1,876.87	1,542.87
Add: On merger of Caliber Point Business Solutions Limited (Refer Note No. 35)	300.00	-
Add: Transfer from Balance in Statement of Profit and Loss	-	334.00
Less: Excess of Investment in Caliber Point Business Solutions Limited over its share capital (Refer Note No. 35)	41.12	-
<b>Closing balance</b>	<b>2,135.75</b>	<b>1,876.87</b>
<b>d. Hedging reserve</b>		
Opening balance	(1,176.45)	(697.62)
Add: On merger of Caliber Point Business Solutions Limited (Refer Note No. 35)	(62.96)	-
Add: Losses transferred to Statement of Profit and Loss on occurrence of forecasted hedge transactions (net)	759.56	965.50
Add: Changes in the fair value of the effective portion of outstanding cash flow hedges	226.84	(1,444.33)
<b>Closing balance</b>	<b>(253.01)</b>	<b>(1,176.45)</b>
<b>e. Amalgamation reserve</b>	<b>2.88</b>	<b>2.88</b>

### 3. Reserves and Surplus

Particulars	(₹ Million)	
	As at 31st December, 2014	As at 31st December, 2013
<b>f. Special Economic Zone Re-investment reserve</b>		
Opening balance	223.94	-
Add: Transfer from Balance in Statement of Profit and Loss	176.38	223.94
Less: Transfer to Statement of Profit and Loss on utilisation for acquisition of plant and machinery	118.93	-
<b>Closing balance</b>	<b>281.39</b>	<b>223.94</b>
<b>g. Balance in Statement of Profit and Loss</b>		
Opening balance	2,703.83	3,822.01
Add: On merger of Caliber Point Business Solutions Limited (Refer Note No. 35)		
Balance as at April 1, 2013	382.66	-
Profit for the period from April 1, 2013 to 31st December, 2013	(29.75)	-
Add: Transfer from Special Economic Zone Re-investment reserve	118.93	-
Add: Profit for the year	3,183.96	3,339.66
	6,359.63	7,161.67
Less: Appropriations		
Transfer to Special Economic Zone Re-investment reserve	176.38	223.94
Interim dividend - equity	2,840.97	3,030.77
Proposed dividend - equity	-	300.27
Tax on dividend (After adjusting tax benefit on dividend distributed by a subsidiary)	479.69	568.86
Transfer to general reserve	-	334.00
Closing balance	<b>2,862.59</b>	<b>2,703.83</b>
<b>Total</b>	<b>9,771.53</b>	<b>8,285.52</b>

### 4. Deferred Tax Liabilities

Particulars	(₹ Million)	
	As at 31st December, 2014	As at 31st December, 2013
<b>Deferred tax liabilities</b>		
a. Depreciation	149.50	112.12
b. Deferred settlement loss relating to roll-over of Cash flow hedges	35.36	211.23
	<b>184.86</b>	<b>323.35</b>
<b>Less: Deferred tax assets</b>		
a. Employee benefits	62.59	45.82
b. Provision for doubtful receivables	3.59	-
c. Provision others	-	32.17
	66.18	77.99
<b>Total</b>	<b>118.68</b>	<b>245.36</b>

### 5. Other Long-Term Liabilities

Particulars	(₹ Million)	
	As at 31st December, 2014	As at 31st December, 2013
a. Capital creditors	5.87	0.17
b. Liability for mark to market losses on derivative contracts (net)	25.19	-
c. Other liabilities	0.59	-
<b>Total</b>	<b>31.65</b>	<b>0.17</b>

## Notes forming part of Financial Statements

### 6. Other Current Liabilities

Particulars	(₹ Million)	
	As at 31st December, 2014	As at 31st December, 2013
a. Unearned revenues	45.89	11.17
b. Unclaimed dividend *	96.40	54.82
c. Other payables		
i. Employee related	228.90	156.98
ii. Statutory liabilities	115.73	91.41
iii. Capital creditors	76.50	104.82
iv. For expenses	253.43	217.61
v. For mark to market losses on derivative contracts (net)	51.54	40.86
* This figure does not include any amount due and outstanding to be credited to Investor Education and Protection Fund.		
<b>Total</b>	<b>868.39</b>	<b>677.67</b>

### 7. Short-Term Provisions

Particulars	(₹ Million)	
	As at 31st December, 2014	As at 31st December, 2013
a. For employee benefits	49.52	43.64
b. Proposed dividend	752.31	2,552.27
c. Tax on proposed dividend	154.03	433.76
d. For tax (net of advance tax) (net of MAT credit availed ₹ 56.85 million (₹ Nil) )	30.09	20.38
e. Others (Refer Note No. 30)	34.46	133.01
<b>Total</b>	<b>1,020.41</b>	<b>3,183.06</b>

### 8. Fixed Assets

Particulars	GROSS BLOCK				DEPRECIATION AND AMORTISATION						NET BLOCK	
	As at 01.01.2014	Addition on merger (Refer Note No. 35)	Additions	Deductions/ Adjustments	As at 31.12.2014	As at 01.01.2014	Addition on merger (Refer Note No. 35)	For the year	Deductions/ Adjustments	As at 31.12.2014	As at 31.12.2014	As at 31.12.2013
<b>i. Tangible Assets</b>												
Land - Freehold	0.15	-	-	-	0.15	-	-	-	-	-	0.15	0.15
Land - Leasehold	330.44	31.71	-	201.08	161.07	23.96	1.77	3.53	16.36	12.90	148.17	306.48
Building	1,863.89	364.26	19.57	(0.39)	2,248.11	108.66	33.58	36.41	-	178.65	2,069.46	1,755.23
Plant and Machinery	1,129.56	172.82	122.08	9.70	1,414.76	763.09	148.63	156.24	8.89	1,059.07	355.69	366.47
Office Equipments	688.02	48.32	17.90	5.33	748.91	350.26	42.05	104.00	4.26	492.05	256.86	337.76
Furniture and Fixtures	442.16	64.23	3.11	0.77	508.73	257.91	54.24	37.00	1.26	347.89	160.84	184.25
Vehicles	19.76	5.64	-	1.78	23.62	15.38	3.08	2.66	1.57	19.55	4.07	4.38
Leasehold Improvements	-	5.55	0.20	0.78	4.97	-	1.34	1.55	0.78	2.11	2.86	-
<b>Total</b>	<b>4,473.98</b>	<b>692.53</b>	<b>162.86</b>	<b>219.05</b>	<b>5,110.32</b>	<b>1,519.26</b>	<b>284.69</b>	<b>341.39</b>	<b>33.12</b>	<b>2,112.22</b>	<b>2,998.10</b>	<b>2,954.72</b>
Previous year	3,840.60	-	783.83	150.45	4,473.98	1,399.32	-	270.26	150.32	1,519.26	2,954.72	-
<b>ii. Intangible Assets</b>												
Software	210.02	38.20	81.36	-	329.58	145.80	28.32	50.30	-	224.42	105.16	64.22
<b>Total</b>	<b>210.02</b>	<b>38.20</b>	<b>81.36</b>	<b>-</b>	<b>329.58</b>	<b>145.80</b>	<b>28.32</b>	<b>50.30</b>	<b>-</b>	<b>224.42</b>	<b>105.16</b>	<b>64.22</b>
Previous year	176.74	-	33.28	-	210.02	105.76	-	40.04	-	145.80	64.22	-
<b>iii. Capital work-in-progress</b> (mainly in respect of buildings under construction)												
<b>Grand total</b>	<b>4,684.00</b>	<b>730.73</b>	<b>244.22</b>	<b>219.05</b>	<b>5,439.90</b>	<b>1,665.06</b>	<b>313.01</b>	<b>391.69</b>	<b>33.12</b>	<b>2,336.64</b>	<b>3,449.76</b>	<b>3,231.41</b>
Previous year	4,017.34	-	817.11	150.45	4,684.00	1,505.08	-	310.30	150.32	1,665.06	3,231.41	-

#### Notes:

- Land - Leasehold includes ₹ 90.00 million and ₹ 6.49 million (₹ 5.58 million) being lease premium and accumulated amortisation respectively in respect 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	(₹ Million)	
	As at 31st December, 2014	As at 31st December, 2013
<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. Nil (11,780,000) shares of ₹ 10/- each fully paid-up in Caliber Point Business Solutions Limited (Refer Note No. 35)	-	158.92
g. 9,500,000 (1,000,000) shares of ₹ 10/- each fully paid-up in Risk Technology International Limited	93.50	8.50
h. 1 participation share of no par value in Hexaware Technologies (Mexico) S De R.L. De C.V.	29.42	29.42
	<b>1,931.02</b>	<b>2,004.94</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>1,935.60</b>	<b>2,009.52</b>
Aggregate value of unquoted investments	1,935.60	2,009.52

### 10. Long-Term Loans and Advances (Unsecured)

Particulars	(₹ Million)	
	As at 31st December, 2014	As at 31st December, 2013
Considered good		
a. Loans to related parties (Refer Note No. 27)	200.00	-
b. Capital Advances	56.44	10.16
c. Security Deposits	114.10	72.65
d. Advance Income Tax and Fringe benefit Tax (net of provision for tax)	334.76	197.28
e. MAT Credit Entitlement	828.44	862.83
f. Other Loans and advances (includes service tax receivable, prepaid expenses etc.)	59.71	62.71
<b>Total</b>	<b>1,593.45</b>	<b>1,205.63</b>

### 11. Other Non-Current Assets

Particulars	(₹ Million)	
	As at 31st December, 2014	As at 31st December, 2013
a. Interest accrued on deposits	9.03	0.72
b. Non-current bank balances		
Restricted bank balances (Refer Note No. 14)	197.18	139.78
<b>Total</b>	<b>206.21</b>	<b>140.50</b>

# Notes forming part of Financial Statements

## 12. Current Investments

Particulars	As at		As at	
	31st December, 2014		31st December, 2013	
	No. of units		No. of units	
<b>Investments in mutual funds (unit of ₹ 10/- each unless otherwise stated)</b>				
<b>(Unquoted) (at cost or fair value whichever is lower)</b>				
Birla Sun Life Floating Rate Fund - STP - Daily Dividend - Direct Plan (face value ₹ 100/-)	3,975,192	397.60	3,145,094	314.57
HDFC Liquid Fund - Direct Plan - Dividend Daily Reinvest	9,807,382	100.02	38,747,898	395.16
JP Morgan India Liquid Fund - Direct Plan - Daily Dividend Reinvestment option	10,014,825	100.25	4,996,139	50.01
L&T Liquid Fund Direct Plan - Daily Dividend Reinvestment plan (face value ₹ 1000/-)	197,652	200.03	-	-
ICICI Prudential Liquid - Regular Plan-Daily Dividend (face value ₹ 100/-)	2,121,725	212.31	-	-
Franklin India Treasury Management Account Super Institutional Plan - Direct-Daily Dividend Reinvestment (face value ₹ 1000/-)	154,916	155.20	-	-
Franklin India Treasury Management Account Super Institutional Plan - Daily Dividend Reinvestment (face value ₹ 1000/-)	250,036	250.22	-	-
DWS Insta Cash Plus fund - Direct Plan - Daily Dividend (face value ₹ 100/-)	574,430	57.62	-	-
DWS Treasury Fund - Cash - Direct Plan - Daily Dividend (face value ₹ 100/-)	2,726,382	273.70	-	-
Reliance Liquid Fund - Cash Plan - Direct Plan - Daily Dividend option (face value ₹ 1000/-)	89,773	100.02	-	-
ICICI Prudential Liquid Plan Daily Dividend (face value ₹ 100/-)	39,935	3.99	-	-
Birla Sun Life Cash Plus - Daily Dividend - Direct Plan - Reinvestment (face value ₹ 100/-)	-	-	9,173,024	919.09
ICICI Prudential Liquid - Direct Plan - Daily Dividend (face value ₹ 100/-)	-	-	4,345,986	434.83
ICICI Prudential Money Market Fund - Direct Plan - Daily Dividend (face value ₹ 100/-)	-	-	3,248,898	325.36
ICICI Prudential Money Market Fund - Regular Plan - Daily Dividend (face value ₹ 100/-)	-	-	3,996,300	400.15
Kotak Floater Short-Term - Daily Dividend reinvestment (face value ₹ 1000/-)	-	-	61,872	62.59
L & T Liquid Fund - Daily Dividend (face value ₹ 1000/-)	-	-	62,030	62.75
Tata Money Market Fund Direct Plan - Daily Dividend	-	-	36,660,330	367.16
<b>Total</b>		<b>1,850.96</b>		<b>3,331.67</b>
Aggregate value of unquoted investments.		1,850.96		3,331.67

## 13. Trade Receivables (Unsecured)

Particulars	As at		As at	
	31st December, 2014		31st December, 2013	
<b>a. Over six months from the due date</b>				
Considered good		-		4.14
Considered doubtful		12.32		8.08
		12.32		12.22
Less: Provision for doubtful receivables		12.32		8.08
		-		4.14
<b>b. Others</b>				
Considered good		3,403.02		2,383.81
Considered doubtful		9.18		9.96
		3,412.20		2,393.77
Less: Provision for doubtful receivables		9.18		9.96
		3,403.02		2,383.81
<b>Total</b>		<b>3,403.02</b>		<b>2,387.95</b>

#### 14. Cash and Cash Equivalents

Particulars	(₹ Million)	
	As at 31st December, 2014	As at 31st December, 2013
<b>a. Balances with banks</b>		
i. In current accounts	1,088.13	205.47
ii. Remittances in transit	0.31	-
iii. Bank deposit accounts with less than 3 months maturity	15.78	18.41
	1,104.22	223.88
<b>b. Other bank balances</b>		
i. Earmarked balances with banks	93.31	77.60
ii. Unclaimed dividend accounts	96.76	55.18
iii. Margin money	7.11	7.00
iv. Bank deposit accounts with more than 12 months maturity	-	248.50
v. Bank deposit accounts with more than 3 and upto 12 months maturity	-	702.50
	197.18	1,090.78
<b>Total Cash and Bank Balances</b>	1,301.40	1,314.66
<b>c. "AAA" rated demand deposits with a financial institution</b>	-	300.00
<b>d. Less: Bank balances classified as non-current assets</b>		
Restricted bank balances (Refer Note No. 11)	(197.18)	(139.78)
<b>Total</b>	<b>1,104.22</b>	<b>1,474.88</b>

#### 15. Short-Term Loans and Advances (Unsecured)

Particulars	(₹ Million)	
	As at 31st December, 2014	As at 31st December, 2013
<b>a. Considered good</b>		
i. Security deposits	4.51	4.22
ii. Loans and advances to related parties (Refer Note No. 27)	264.78	239.33
iii. Other loans and advances (includes service tax receivable, prepaid expenses, employee advances etc.)	330.91	275.30
	600.20	518.85
<b>b. Considered doubtful</b>		
Security deposits	34.78	35.98
Less: Provision for doubtful deposits	34.78	35.98
	-	-
<b>Total</b>	<b>600.20</b>	<b>518.85</b>

#### 16. Other Current Assets

Particulars	(₹ Million)	
	As at 31st December, 2014	As at 31st December, 2013
a. Interest accrued on deposits	0.47	99.20
b. Unbilled services	257.70	253.88
<b>Total</b>	<b>258.17</b>	<b>353.08</b>

## Notes forming part of Financial Statements

### 17. Other Income

Particulars	(₹ Million)	
	For the year ended 31st December, 2014	For the year ended 31st December, 2013
a. Dividend from current investments	125.74	157.20
b. Dividend from subsidiary Company	373.23	-
c. Profit/ (Loss) on sale/ diminution in value of investments (net)	0.44	(7.19)
d. Interest income	54.22	165.28
e. (Loss)/Profit on sale of fixed assets (net)	(0.50)	2.06
f. Rental income	-	2.41
g. Miscellaneous income	41.67	13.47
<b>Total</b>	<b>594.80</b>	<b>333.23</b>

### 18. Software and Development Expenses

Particulars	(₹ Million)	
	For the year ended 31st December, 2014	For the year ended 31st December, 2013
a. Consultant travel and related expenses	209.92	214.80
b. Software expenses *	469.49	310.53
<b>Total</b>	<b>679.41</b>	<b>525.33</b>
* includes sub-contracting charges	321.59	172.29

### 19. Employee Benefits Expenses

Particulars	(₹ Million)	
	For the year ended 31st December, 2014	For the year ended 31st December, 2013
a. Salaries and allowances (Refer Note No. 30)	5,104.99	4,045.38
b. Contribution to provident and other funds	352.03	218.75
c. Staff welfare expenses	215.17	136.37
d. Employee stock option compensation cost	-	(0.46)
<b>Total</b>	<b>5,672.19</b>	<b>4,400.04</b>

### 20. Operations and Other Expenses

Particulars	(₹ Million)	
	For the year ended 31st December, 2014	For the year ended 31st December, 2013
a. Rent (Refer Note No. 28)	124.78	86.03
b. Rates and taxes	26.48	18.83
c. Travelling and conveyance expenses	324.92	213.11
d. Electricity charges	173.71	135.52
e. Communication expenses	149.70	111.91
f. Repairs and maintenance		
Building	21.70	20.32
Plant and Machinery	26.25	17.44
Others	82.43	79.01
	130.38	116.77
g. Printing and stationery	18.62	14.51
h. Auditors remuneration		
Audit Fees	5.80	4.80
Tax Audit Fees	1.57	1.20
Certification work, taxation and other matters	3.26	2.67
	10.63	8.67

**20. Operations and Other Expenses**

Particulars	For the year ended 31st December, 2014	For the year ended 31st December, 2013
i. Legal and professional fees	86.41	50.77
j. Advertisement and publicity	0.65	0.72
k. Seminar, conference and business promotion expenses	26.67	30.31
l. Bank and other charges	4.43	3.89
m. Directors' sitting fees	0.66	1.38
n. Insurance charges	21.79	21.91
o. Fixed assets written off	-	7.03
p. Loss on closure of subsidiary company	-	0.05
q. Debts and advances written off	1.70	-
r. Provision for doubtful accounts (Net off write back) **	(1.94)	17.94
s. Staff recruitment expenses	42.61	15.83
t. Service charges	114.20	83.76
u. Miscellaneous expenses #	18.67	15.11
# includes stamp duty & filing fees, registrar and share transfer expenses, membership and subscription fees etc.		
<b>Total</b>	<b>1,275.07</b>	<b>954.05</b>
** net of write back	(15.19)	(3.72)

**21.** Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) ₹ 1,867.43 million (Previous year ₹ 222.33 million).

**22.** Contingent Liabilities in respect of

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

b) Claims for taxes on income:

i. Where Company is in appeal

Income tax demands of ₹ 8.99 million (Previous year ₹ 112.38 million) have been raised in respect of assessments completed, arising from certain disallowances by the Income tax authorities. The Company has appealed against the orders and based on merits, expects favourable outcome. Hence no provision against such demand is considered necessary.

ii. Others

In an earlier year, the CIT (A) had passed an order in favour of the Company against demand of ₹ 23.79 million raised by the Assessing officer for AY 2008-09, which had arisen mainly due to disallowance of foreign exchange loss as business expenses. Against this, the Income Tax Department has filed an appeal with Income Tax Appellate Tribunal and the matter is in process.

**23. Earnings per Share (EPS)**

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

Particulars	For the year ended 31st December, 2014	For the year ended 31st December, 2013
Net profit after tax (₹ million)	3,183.96	3,339.66
Weighted average outstanding equity shares considered for basic EPS (Nos.)	300,454,971	298,503,477
Basic Earnings per share: (in ₹)	10.60	11.19
Weighted average outstanding equity shares considered for basic EPS (Nos.)	300,454,971	298,503,477
Add: Dilutive impact of employee stock options (Nos.)	1,454,470	2,648,830
Weighted average outstanding equity shares considered for diluted EPS (Nos.)	301,909,441	301,152,307
Diluted Earnings per share: (in ₹)	10.55	11.09

## Notes forming part of Financial Statements

24. The Provision for current income tax is aggregate of the balance tax for three months ended March 31, 2014 based on the returned income for the year ended March 31, 2014 and the provision based on the taxable income for the remaining nine months up to 31st December, 2014, the actual tax liability, for which, will be determined on the basis of the results for the year ending March 31, 2015.

### 25. Derivative Instruments

a) Forward exchange contracts to Sell US Dollar 183.86 million and Euro 2.74 million (Previous year US Dollar 162.56 million and Euro 9.33 million) are outstanding as of 31st December, 2014.

Fair value net loss of the derivative instruments identified as cash flow hedges is ₹ 76.73 million (Previous year ₹ 40.86 million) as at 31st December, 2014.

Net loss of ₹ 253.01 million recognized in Hedging Reserve as at 31st December, 2014 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 ₹ 1,710.77 million (Previous year ₹ 74.45 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 and 2008 plan. Under the plan, the employees of the Company as well as its subsidiaries are granted options 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 vest in four equal instalments or as determined by the Committee. The term of the option is seven years from the grant date. The closing dates, being dates after which no further options shall be granted, for ESOP 2007 and 2008 are September 10, 2014 and June 29, 2015 respectively.

b) The particulars of number of options granted and lapsed under the aforementioned Schemes are tabulated below:

Particulars	ESOP - 2002		ESOP - 2007		ESOP - 2008		Total	
	Options (nos.)	Weighted. ex. Price per share (₹)	Options (nos.)	Weighted. ex. Price per share (₹)	Options (nos.)	Weighted. ex. Price per share (₹)	Options (nos.)	Weighted. ex. Price per share (₹)
Outstanding at the beginning of the year	67,500 (257,164)	12.45 (12.48)	2,735,525 (6,080,233)	49.39 (36.26)	37,500 (115,179)	42.85 (29.65)	2,840,525 (6,452,576)	48.43 (35.20)
Exercised during the year	16,500 (189,664)	12.45 (12.49)	993,525 (3,080,353)	46.95 (24.21)	37,500 (61,139)	42.85 (28.22)	1,047,525 (3,331,156)	46.26 (23.62)
Lapsed during the year	- (-)	- (-)	216,500 (264,355)	54.69 (40.85)	- (16,540)	- (5.00)	216,500 (280,895)	54.69 (38.74)
Outstanding at the year end	51,000 (67,500)	12.45 (12.45)	1,525,500 (2,735,525)	50.23 (49.39)	- (37,500)	- (42.85)	1,576,500 (2,840,525)	49.01 (48.43)
Exercisable as at the year end	51,000 (67,500)	12.45 (12.45)	1,041,750 (1,382,025)	42.64 (34.86)	- (-)	- (-)	1,092,750 (1,449,525)	41.23 (33.82)

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	As at 31st December, 2014		As at 31st December, 2013	
	Options (Nos)	Life	Options (Nos)	Life
12.45	429,500	14	807,000	27
30.70 - 42.85	137,000	24	347,000	39
51.98 - 79.85	1,010,000	39	1,686,525	52
<b>Total</b>	<b>1,576,500</b>		<b>2,840,525</b>	

d) The movement in Deferred employee compensation expense during the year is as follows:

Particulars	Year 2014		Year 2013	
Balance at the beginning of the year	-		0.26	
Less: Amortisation for the year	-		(0.46)	
Less: Reversal due to forfeiture	-		0.72	
<b>Balance carried forward</b>	<b>-</b>		<b>-</b>	

- e) The Company has followed the Intrinsic Value-based method of accounting for stock options granted. Had the compensation cost for the Company's stock based compensation plan been determined in the manner consistent with the fair value approach as described in the Guidance note on Accounting for Employee Share-based Payments issued by the ICAI, the Company's net income would be lower by ₹ 1.77 million (Previous year ₹ 14.05 million) and earnings per share (EPS) as reported would be lower as indicated below:

Particulars	Year 2014	Year 2013
Basic EPS		
As reported (in ₹)	10.60	11.19
Adjusted (in ₹)	10.59	11.14
Diluted EPS		
As reported (in ₹)	10.55	11.09
Adjusted (in ₹)	10.54	11.04

## 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
Parel Investment Holdings Limited	Mauritius
<b>Holding Company</b>	
HT Global IT Solutions Holdings Limited (control exists)	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
Caliber Point Business Solutions Limited <sup>(1)</sup>	India
Focus Frame Europe BV <sup>(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
Rampran Infotech Ltd. <sup>(4)</sup>	India
<b>Key Management Personnel (KMP)</b>	
Mr. Atul K. Nishar – Non-Executive Chairman (KMP upto October 11, 2013)	
Mr. R. Srikrishna – Executive Director and CEO (CEO from July 28, 2014)	
Mr. R. V. Ramanan – Executive Director and President Global Delivery (upto September 15, 2014)	
Mr. P. R. Chandrasekar – Vice Chairman and CEO (CEO upto July 27, 2014)	
<b>Others</b>	
Ms. Kala Ramanan - Relative of KMP (upto September 15, 2014)	

### Notes:

1. Merged with the Company (Refer Note No. 35)
2. Subsidiary of Hexaware Technologies Inc.
3. Subsidiary of Hexaware Technologies UK Ltd.
4. Company name struck off from Registrar of Company w.e.f. May 23, 2013 .

## Notes forming part of Financial Statements

### 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, 2014	For the year ended 31st December, 2013
Investment made during the year	<b>Subsidiaries</b>		
	Risk Technology International Limited	85.00	-
Loan given during the year	<b>Subsidiaries</b>		
	Risk Technology International Limited	200.00	-
Software and consultancy income	<b>Subsidiaries</b>		
	Hexaware Technologies Inc.	3,933.80	3,976.20
	Hexaware Technologies GmbH.	479.51	656.94
	Hexaware Technologies UK Ltd.	567.97	384.94
	Others	294.07	345.14
		<b>5,275.35</b>	<b>5,363.22</b>
Software and development expenses	<b>Subsidiaries</b>		
sub-contracting charges	Hexaware Technologies Inc.	151.22	91.31
	Caliber Point Business Solutions Limited	-	12.25
	Others	0.70	9.20
		<b>151.92</b>	<b>112.76</b>
Interest income	<b>Subsidiaries</b>		
	Risk Technology International Limited	<b>0.10</b>	-
Dividend Income	<b>Subsidiaries</b>		
	Hexaware Technologies Inc.	<b>373.23</b>	-
Reimbursement of cost to	<b>Subsidiaries</b>		
	Hexaware Technologies Inc.	73.11	1.16
	Hexaware Technologies UK Ltd.	19.97	24.65
	Hexaware Technologies Asia Pacific Pte. Ltd.	7.09	8.40
	Others	0.33	0.31
		<b>100.50</b>	<b>34.52</b>
Receiving of Services	<b>Remuneration to KMP</b>		
	Mr. R.V. Ramanan	11.15	28.88
	Mr. R. Srikrishna (including share based payment)	23.46	-
	<b>Subsidiaries</b>		
	Caliber Point Business Solutions Limited	-	9.45
Sale of of assets including recovery of capital cost	<b>Subsidiaries</b>		
	Risk Technology International Ltd.	282.41	-
Rent expense	<b>Subsidiaries</b>		
	Hexaware Technologies Inc.	0.11	-
	Relative of KMP		
	Ms. Kala Ramanan	0.89	0.70
Recovery of cost / advances from	<b>Subsidiaries</b>		
	Hexaware Technologies Inc.	414.71	381.84
	Hexaware Technologies UK Ltd.	174.72	100.24
	Others	48.59	46.93
		<b>638.02</b>	<b>529.01</b>

Particulars	(₹ Million)	
	As at 31st December, 2014	As at 31st December, 2013
<b>Outstanding Balances with Subsidiaries</b>		
Investment in equity	1,931.02	2,004.94
Loan given	200.00	-
Receivable towards software and consultancy income	2,372.26	1,582.66
Advances	264.78	239.33
Payable towards services and reimbursement of cost	1,579.89	1,395.84
Payable to KMP	22.22	-

**Details of loans and advances in the nature of loans (As required by clause 32 of the listing agreement with the stock exchanges):**

Name of the Party	Relationship	(₹ Million)	
		Amount Outstanding as at 31st December, 2014	Maximum amount outstanding during the year
Risk Technology International Ltd.	Wholly Owned Subsidiary	200.00	200.00

**Notes:**

- Interest @ 9% per annum is charged on the above loan.
- There are no investments by the loanee in the shares of the Company.
- Loan is repayable within 3 years from the date of loan given.

- 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 ₹ 124.78 million (Previous year ₹ 86.03 million).

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

Particulars	(₹ Million)	
	As at 31st December, 2014	As at 31st December, 2013
Not later than one year	45.64	46.28
Later than one year and not later than five years	122.65	9.16
<b>Total</b>	<b>168.29</b>	<b>55.44</b>

Non-cancellable rentals income recognised in the Statement of Profit and Loss on account of leasing of premises is ₹ Nil (Previous year ₹ 2.16 million).

**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 assumptions mentioned below, there is no shortfall as at 31st December, 2014.

Particulars	(₹ Million)	
	As at 31st December, 2014	As at 31st December, 2013
Present value of benefit obligation	1,823.09	1,528.62
Fair value of plan assets	1,823.09	1,528.62
Expected Investment Return	8.80%	8.71%
Remaining term of maturities of plan assets	7.70 years	8.21 years
Expected guaranteed interest rates	8.75%	8.75%

## Notes forming part of Financial Statements

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 recognised expenses towards contributions to provident fund and other funds and superannuation funds of ₹ 241.48 million (Previous year ₹ 189.85 million) and ₹ 9.70 million (Previous year ₹ 6.56 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 the year ended 31st December, 2014:

Particulars	(₹ Million)	
	Year 2014	Year 2013
<b>Change in Defined Benefit Obligation</b>		
Opening defined benefit obligation	349.08	323.46
Addition on amalgamation (Refer Note No. 35)	17.28	-
Current service cost	71.27	69.31
Interest cost	38.56	30.81
Actuarial losses/(gains)	16.83	(60.53)
Benefits paid	(24.92)	(13.97)
<b>Closing defined benefit obligation</b>	<b>468.10</b>	<b>349.08</b>
<b>Change in the Fair Value of Assets</b>		
Opening fair value of plan assets	282.18	197.71
Addition on amalgamation (Refer Note No. 35)	0.88	-
Expected return on plan assets	24.42	16.82
Actuarial gains	1.90	4.12
Contribution by employer	34.89	77.50
Benefits paid	(24.92)	(13.97)
<b>Closing fair value of plan assets</b>	<b>319.35</b>	<b>282.18</b>
<b>Net liability as per actuarial valuation</b>	<b>148.75</b>	<b>66.90</b>
<b>Expense for the year</b>		
Current service cost	71.27	69.32
Interest on defined benefit obligation	38.56	30.81
Expected return on plan assets	(24.42)	(16.82)
Actuarial losses/(gains)	14.93	(64.65)
<b>Total Included in Employment expenses</b>	<b>100.34</b>	<b>18.66</b>
<b>Actual return on plan assets</b>	26.33	20.95
<b>Category of assets - Insurer Managed Fund #</b>	319.35	282.18

# 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 ₹ 77.00 million to gratuity funds for the year ended 31st December, 2015.

Financial assumptions at the valuation date	Year 2014		Year 2013
	Discount rate	8.15% to 8.20%	
Rate of increase in compensation levels of covered employees *	6% to 10%		10% for first year and 7.5% thereafter
Expected Rate of Return on Plan assets **	7.5% to 8%		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	<b>31-Dec-14</b>	31-Dec-13	31-Dec-12	31-Dec-11	31-Dec-10
Defined Benefit Obligation	468.10	349.08	323.46	251.78	223.95
Plan Assets	319.35	282.18	197.71	154.08	143.95
Surplus/(Deficit)	(148.75)	(66.90)	(125.75)	(97.70)	(80.00)
Experience Adjustment on Plan Liabilities	(33.10)	(31.71)	(17.82)	(4.20)	(18.36)
Experience Adjustment on Plan Assets	1.90	4.12	1.75	0.61	2.61

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	<b>As at 31st December, 2014</b>	As at 31st December, 2013
Provision at the beginning of the year	133.01	169.82
Provision made during the year	-	-
Paid/adjusted during the year	*(98.55)	(36.81)
<b>Provision at the end of the year</b>	<b>34.46</b>	<b>133.01</b>

\*Adjusted in employment expenses ₹ 89.65 million.

### 31. CIF value of Imports

	(₹ Million)	
Particulars	<b>For the year ended 31st December, 2014</b>	For the year ended 31st December, 2013
Capital Goods	73.09	47.45

### 32. Expenditure in Foreign Currency (including expenses in foreign branches)

	(₹ Million)	
Particulars	<b>For the year ended 31st December, 2014</b>	For the year ended 31st December, 2013
Foreign travelling expenses	78.68	41.98
Software and development expenses	418.16	278.88
Employment expenses	553.20	337.46
Rent	12.24	9.79
Business promotion, seminar and conference expenses	7.85	4.83
Legal and professional charges	20.23	12.20
Communication expenses	8.49	3.05
Miscellaneous	21.69	10.79

## Notes forming part of Financial Statements

### 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	Final - 2013	Interim - Q4-13	Interim - Q1-14	Interim - Q2-14	Interim - Q3-14
	(Final - 2012)	(Interim - Q4-12)	(Interim - Q1-13)	(Interim - Q2-13)	(Interim - Q3-13)
Net amount remitted (₹ Million)	1.00	7.57	2.95	1.69	2.55
	(2.80)	NA	(3.02)	(3.13)	NA
No. of shares by non-resident shareholders	999,260	1,009,437	985,370	1,056,099	1,086,563
	(2,331,419)	NA	(2,518,023)	(2,233,552)	NA
Year to which dividend relates	2013	2013	2014	2014	2014
	(2012)	NA	(2013)	(2013)	NA
No. of non-resident shareholders	807	802	812	874	921
	(1,105)	NA	(1,095)	(964)	NA

### 34. Earnings in foreign currency

Particulars	(₹ Million)	
	For the year ended 31st December, 2014	For the year ended 31st December, 2013
Income from software solutions and consulting services	10,999.89	9,977.96
Interest Income	0.33	0.46

35. Caliber Point Business Solutions Limited (CP) (amalgamating company), a wholly owned subsidiary, engaged in Business Process Management services, has been amalgamated with the Company. The Scheme of Amalgamation ('the Scheme') was sanctioned by the Honourable High Court of Judicature at Bombay vide its Order dated October 10, 2014, the appointed date of merger being 1st April, 2013.

In accordance with the said Scheme and as per the approval of the Honourable High Court:

- The assets, liabilities, rights and obligations of the erstwhile CP have been transferred to and vested with the Company with effect from 1st April, 2013;
- All assets and liabilities including reserves have been recorded at their respective book values, after eliminating inter-company balances, in accordance with 'Pooling of interest' method of accounting as per Accounting Standard 14 as notified under Section 211 (3C) of the Companies Act, 1956.
- The share capital of CP of ₹ 117.80 million has been adjusted against the investment in the books of the Company of ₹ 158.92 million and the resultant difference of ₹ 41.12 million has been debited to the General Reserve.
- The Statement of Profit and Loss for the year ended 31st December, 2014 includes result of CP for the year.

36. There are no dues to micro and small enterprises under MSMED Act, 2006 as at the year end.

### 37. Segments

As per Accounting Standard 17 on "Segment Reporting", segment information has been provided under the notes to the Consolidated Financial Statements.

38. Previous years figures have been regrouped/reclassified wherever necessary to correspond with the current years classification/disclosure. In view of the amalgamation of wholly owned subsidiary (Refer Note No. 35), figures for the current year are not strictly comparable with that of the previous year.

#### For and on behalf of the Board

**Atul K. Nishar**  
(Chairman)

**Jimmy Mahtani**  
(Director)

**Basab Pradhan**  
(Director)

**Rajesh Kanani**  
(Chief Financial Officer)

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

**Dileep Choksi**  
(Director)

**Christian Oecking**  
(Director)

**Gunjan Methi**  
(Company Secretary)

**P. R. Chandrasekar**  
(Vice Chairman)

**Bharat Shah**  
(Director)

Place: Mumbai  
Date: 10th February, 2015

# Contact us

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## Nagpur

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Ramanathapuram,  
Coimbatore - 641 045.





## 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 : investori@hexaware.com  
CIN: L72900MH1992PLC069662

### 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

- Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
E Mail ID: \_\_\_\_\_  
Signature: \_\_\_\_\_, or failing him
- Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
E Mail ID: \_\_\_\_\_  
Signature: \_\_\_\_\_, or failing him
- Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
E Mail ID: \_\_\_\_\_  
Signature: \_\_\_\_\_, or failing him

as my/ our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 22nd Annual General Meeting of the Company, to be held on Thursday, May 7, 2015 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:

Note: Notwithstanding the above, the Proxies can vote on such other items which may be tabled at the meeting by the members present.

#### Resolution No:

- Adoption of accounts
- Confirmation of dividend
- Re-appointment of Mr. P R Chandrasekar
- Re-appointment of Mr. Atul Nishar
- Re-appointment of Statutory Auditors
- Appointment of Mr. Basab Pradhan as a Non – Executive Independent Director
- Appointment of Mr. Christian Oecking as a Non – Executive Independent Director
- Appointment of Mr. R Srikrishna as a Director liable to retire by rotation
- Appointment of Mr. Jack Hennessy as a Non-Executive Director liable to retire by rotation
- Appointment of Dr. Punita Kumar-Sinha as a Non-Executive Independent Director
- Amendment to Articles of Association of the Company
- Payment to non-whole-time director
- Approval of Hexaware Technologies Limited Employee Stock Options Plan 2015 and grant of Employee Stock Options to the employees of the Company thereunder
- 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

Affix ₹1/- Revenue Stamp
-----------------------------------

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2015.

\_\_\_\_\_  
Signature of the shareholder

\_\_\_\_\_  
Signature of Proxy holder(s)

Note: 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.





## 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 : investori@hexaware.com

CIN: L72900MH1992PLC069662

### 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 22nd Annual General Meeting of the Company held on Thursday, May 7, 2015 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.

\_\_\_\_\_  
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

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CIN: L72900MH1992PLC069662

## Statutory Auditors

M/s. Deloitte Haskins & Sells LLP  
Chartered Accountants, Mumbai

## Internal Auditors

KPMG, Mumbai

## Registrar & Share Transfer Agent

Sharepro Services (I) Pvt. Ltd.  
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## Company Secretary

Mrs. Gunjan Methi





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